

SWARTLAND MUNICIPALITY



MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2013/2014 TO 2015/2016

ANNUAL BUDGET OF

SWARTLAND MUNICIPALITY

**2013/14 TO 2015/16
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.swartland.org.za**

Table of Contents

PART 1 – ANNUAL BUDGET	1
1.1 MAYOR'S REPORT	1
1.2 DRAFT COUNCIL RESOLUTIONS	1
1.3 EXECUTIVE SUMMARY	1
1.4 OPERATING REVENUE FRAMEWORK.....	5
1.5 OPERATING EXPENDITURE FRAMEWORK.....	22
1.6 CAPITAL EXPENDITURE	26
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	29
2 PART 2 – SUPPORTING DOCUMENTATION	46
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	46
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	48
2.3 OVERVIEW OF BUDGET RELATED-POLICIES.....	60
2.4 OVERVIEW OF BUDGET ASSUMPTIONS	61
2.5 OVERVIEW OF BUDGET FUNDING	63
2.6 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	71
2.7 COUNCILLOR AND EMPLOYEE BENEFITS.....	73
2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	76
2.9 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	82
2.10 CAPITAL EXPENDITURE DETAILS	82
2.11 LEGISLATION COMPLIANCE STATUS.....	88
2.12 OTHER SUPPORTING DOCUMENTS.....	89
2.13 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	97

List of Tables

Table 1 Consolidated Overview of the 2012/13 MTREF	3
Table 2 Summary of revenue classified by main revenue source	7
Table 3 Summary of revenue classified by municipal vote.....	7
Table 4 Operating Transfers and Grant Receipts	11
Table 5 Comparison of proposed rates to be levied for the 2013/14 financial year	14
Table 6 Proposed Water Tariffs.....	15
Table 7 Comparison between current sanitation charges and increases.....	19
Table 8 Comparison between current waste removal fees and increases.....	20
Table 9 Summary of operating expenditure by standard classification item	23
Table 10 Repairs and maintenance per asset class	26
Table 11 2013/14 Medium-term capital budget per vote	27
Table 12 MBRR Table A1 - Budget Summary	29
Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	32

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	34
Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	35
Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	37
Table 17 MBRR Table A6 - Budgeted Financial Position	39
Table 18 MBRR Table A7 - Budgeted Cash Flow Statement	41
Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	42
Table 20 MBRR Table A9 - Asset Management.....	44
Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	51
Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	52
Table 23 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	53
Table 24 MBRR Table SA8 - Performance indicators and benchmarks	56
Table 25 Credit rating outlook	62
Table 26 MBRR SA15 – Detail Investment Information.....	65
Table 27 MBRR SA16 – Investment particulars by maturity.....	65
Table 28 MBRR Table A7 - Budget cash flow statement	66
Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	67
Table 30 MBRR SA10 – Funding compliance measurement.....	68
Table 31 MBRR SA19 - Expenditure on transfers and grant programmes	71
Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	72
Table 33 MBRR SA22 - Summary of councillor and staff benefits.....	73
Table 34 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	74
Table 35 MBRR SA24 – Summary of personnel numbers.....	75
Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure.....	76
Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	77
Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	78
Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote).....	79
Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	80
Table 41 MBRR SA30 - Budgeted monthly cash flow	81
Table 42 MBRR SA35 - Future financial implications of the capital budget	82
Table 43 MBRR SA36 - Detailed capital budget per municipal vote.....	83
Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance	89
Table 45 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	92
Table 46 MBRR Table SA3 – Supporting detail to Statement of Financial Position	93
Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position (Continued)	94
Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	95

Table 49 MBRR SA32 – List of external mechanisms.....	96
---	----

List of Figures

Figure 1 Main operational expenditure categories for the 2013/14 financial year.....	25
Figure 2 Expenditure by major type	36
Figure 3 Depreciation in relation to repairs and maintenance over the MTREF	45
Figure 4 Planning, budgeting and reporting cycle.....	54
Figure 5 Definition of performance information concepts.....	55
Figure 6 Breakdown of operating revenue over the 2012/13 MTREF.....	64

Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
MM	Municipal Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NERSA	National Electricity Regulator South Africa
DWA	Department of Water Affairs	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
EEDSM	Energy Efficiency Demand Side Management	OHS	Occupational Health and Safety
EM	Executive Mayor	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
GDP	Gross domestic product	PMS	Performance Management System
GDS	Gauteng Growth and Development Strategy	PPE	Property Plant and Equipment
GFS	Government Financial Statistics	PPP	Public Private Partnership
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	RG	Restructuring Grant
HSRC	Human Science Research Council	RSC	Regional Services Council
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SAPS	South African Police Service
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises
KPA	Key Performance Area	WWTW	Waste Water Treatment works
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

Will be inserted after being tabled to council.

1.2 Draft Council Resolutions

Will be inserted after being approved by council.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during the year proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budget, as well as future budgets, is compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs. This process also included a provincial bench marking exercise.

The main risks identified by the strategic planning exercise can be summarised as follows:

Major risk	Inherent risk rating		
	Impact	Likelihood	Rating
▪ Insufficient revenue to meet the demand for services	5	5	25
▪ Expensive, unaffordable services	4	4	16
▪ Unsatisfied / uninvolved / uninformed clients	4	4	16
▪ Lack of appropriately skilled and productive staff	4	4	16
▪ Unsafe and unhealthy working environment	5	4	20
▪ Ageing and poorly maintained infrastructure which can result in a collapse in services	5	5	25
▪ Lack of capacity in respect of infrastructure	4	4	16
▪ Infrastructure imbalance between different towns such as Malmesbury and Chatsworth	4	4	16
▪ Imbalance between the three pillars of sustainable development i.e. environment, economy and people	4	5	20

Major risk	Inherent risk rating		
	Impact	Likelihood	Rating
▪ Lack of good governance	4	4	16
▪ Inadequate management - and IT systems	5	4	20
▪ Decrease in law compliance	5	5	25
▪ Insufficient preparedness for disasters	5	4	20

For each of these risk areas the municipality compiled business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding.

National Treasury's MFMA Circular No. 66 was mainly used to guide the compilation of the 2013/14 MTREF. The Medium Term Budget Policy Statement 2012 notes that the South African economy is projected to grow by 2.5 per cent in 2012. By 2014 GDP growth is expected to reach 3.8 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

The labour market has deteriorated. The official unemployment rate rose to 25.5 per cent of the labour force in the third quarter of 2012 from 24.9 per cent in the second quarter according to the latest Quarterly Labour Force Survey. The total number of unemployed people stood at 4.67 million in the three months up to September, from 4.47 million in the second quarter. By the expanded definition of unemployment (including those who have stopped looking for work) unemployment increased to 36.3 per cent, from 36.2 per cent.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2013/2014. Municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure municipalities will have to identify inefficiencies and eliminate non-priority spending.

In addressing the key considerations contained in National Treasury's MFMA Circular No. 66 the following are highlighted in the budget.

- The municipality cut back on capital expenditure to maintain accumulated reserves and ensure long term sustainability of the municipality.
- Capital project were spread out over the MTREF period to avoid large fluctuations in spending and ensure that priority is given to projects with high importance.
- Tariff increases were kept as low as possible to ensure affordability thereof, whilst keeping in mind the cost of delivering services of a high quality.
- The municipality recognizes the importance of cash reserves and therefor strives to maintain a cost coverage ratio of 4 at all times.

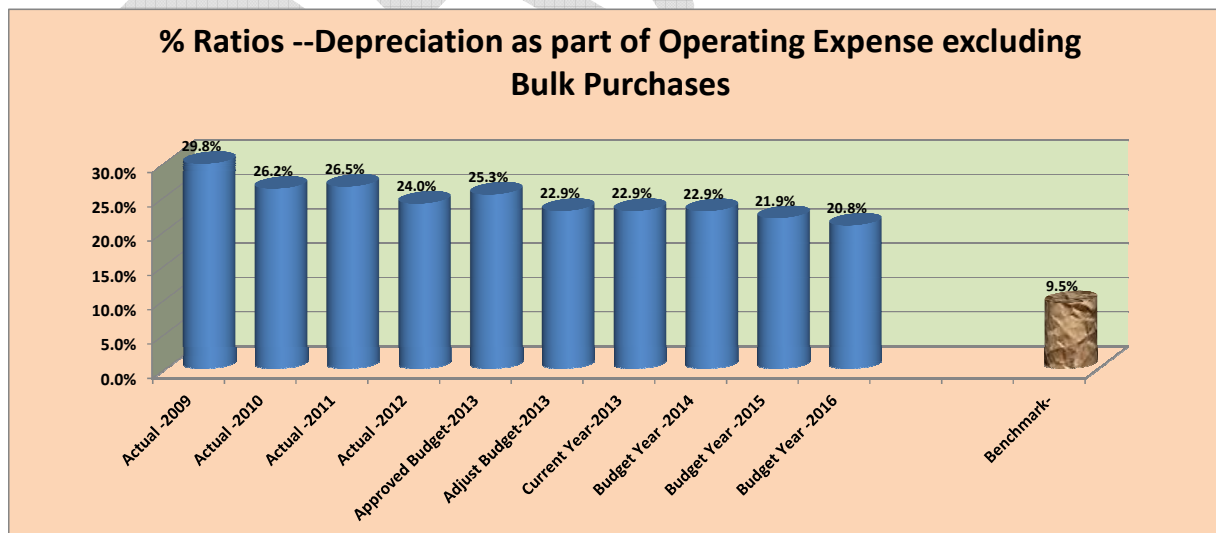
In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2012/13 MTREF

R thousand	Adjustments Budget	Budget Year	Budget Year +1	Budget Year +2
	2012/13	2013/14	2014/15	2015/16
Total Operating Revenue	386 234	414 185	462 765	480 251
Total Operating Expenditure	427 429	464 337	518 005	544 940
<i>Surplus/(Deficit) for the year</i>	(41 195)	(50 152)	(55 240)	(64 689)
Total Capital Expenditure	27 780	53 453	31 985	36 031

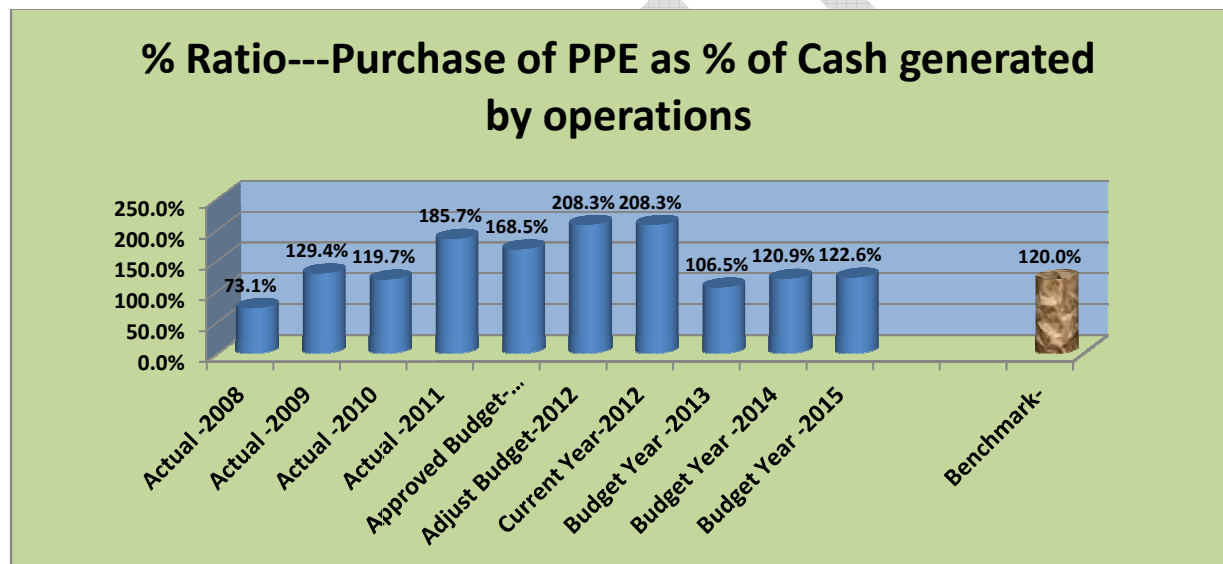
Total operating revenue has grown by 7.24 per cent or 27.952 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 11,73 and 3,78 per cent respectively, equating to a total revenue growth of R94,017 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R464,337 million and translates into a budgeted deficit of R50.152 million before capital transfers. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 8,63 per cent in the 2013/14 budget and by 11,56 and 5,2 per cent for each of the respective outer years of the MTREF. The operating deficit, before capital grant transfers, for the two outer years increases to R55,24 million and R64.689 million in the two outer years of the MTREF respectively. The main reason for the operating deficits is the depreciation charges which are well above the average for other municipalities. (see below for the depreciation trend at Swartland Municipality when compared to the benchmark set between the various municipalities in the Western Cape). This inflated depreciation charges are mainly as a result of the deemed cost approach (in terms of Directive 7) applied by the municipality when the infrastructure assets were unbundled.



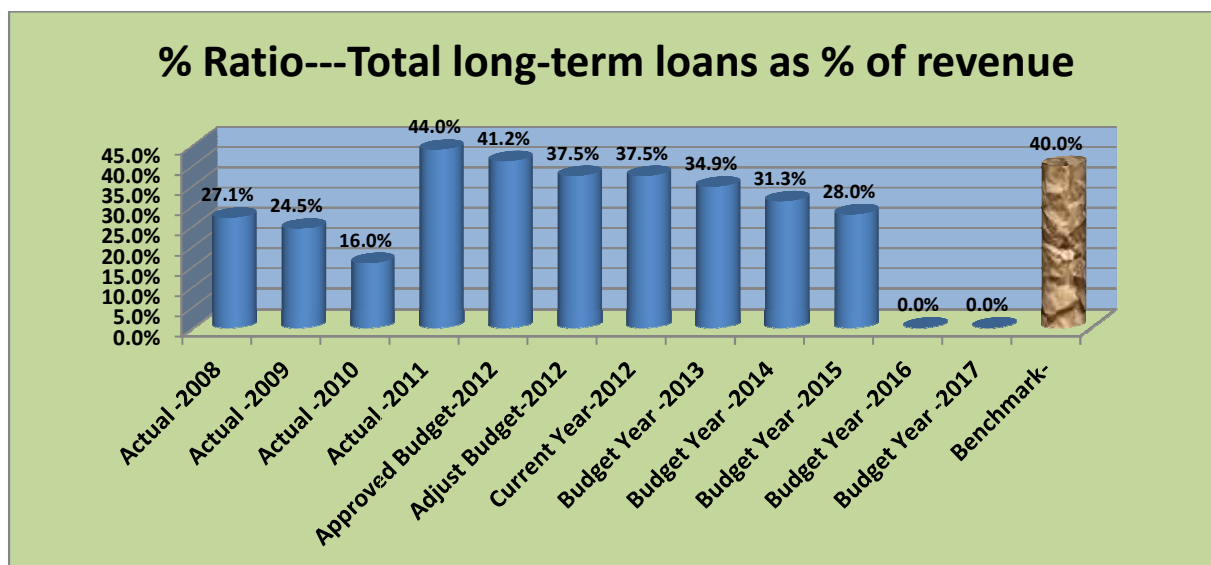
The capital budget of R94,064 million for 2013/14 is 5,68 per cent more when compared to the 2012/13 Adjustment Budget. This increase is mainly as a result of additional appropriations made by provincial and national government departments during 2013/14. A substantial portion of the capital budget will be funded from own revenue (R41,663 million or 33,66%) over the MTREF, with anticipated external funds (loans) of R8,449 million (9,51%) and Grants to the value of R53,453 million (56,83%) making up the other funding sources.

During the review of the capital budget in the current year, the municipality cut back on capital expenditure from internal sources to ensure long term sustainability of the municipality. As a rule of thumb, capital expenditure should not exceed the cash generated by operations (including capital transfers) in order to maintain cash reserves. It is clearly evident from the graph below that it is the intention of management to achieve this benchmark in the MTREF period. (The benchmark for the municipalities is set at 120%. This figure is higher than 100% due to the fact that municipalities are encouraged to finance long term infrastructure projects through external funding to ensure that the user of the respective infrastructure project pays for the use thereof).



As it is the intention of the municipality not to take up any further external loans, the municipality should consider cutting back on capital expenditure even further to lower the ratio (above) to below 100%.

The municipality is still within its borrowing limits. However, from the graph below, it is clear that the municipality is near the benchmark of 40% set in the Western Cape and will be above the benchmark if large amounts of external funding are sourced.



1.4 Operating Revenue Framework

For Swartland Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 96 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is as follows:

Fiscal year	2011	2012	2013	2014	2015
	Actual	Estimate	Forecast		
CPI Inflation	5.0%	5.7%	5.5%	5.1%	4.9%

Source: Medium Term Budget Policy Statement 2012

The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases (which is approximately 8%) and which are beyond the control of the municipality hampers this goal.

In order to ensure all revenues are raised and recovered and further that all ratepayers are being treated equitably, the municipality identified certain areas of concern and is busy implementing measures to address these problem areas. These areas include the following:

Strategy
Review tariff modeling
Maintain and improve on debt collection
Secure new sources of income
Counter the potential loss in electricity income
Ensure an accurate and well maintained income database
Secure more external funding and government grants for soft services including long term funding for operating expenses
Monitor the financial health of the Municipality against financial standards

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2009/10	2010/11	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited	Audited	Audited	Original	Adjusted	Budget Year	Budget Year	Budget Year
	Outcome	Outcome	Outcome	Budget	Budget	2012/13	+1 2013/14	+2 2014/15
Revenue By Source								
Property rates	51835	56 663	60 453	67 471	67 471	69 587	73 966	78 812
Property rates - penalties & collection	—	—	—	—	—	—	—	—
Service charges - electricity revenue	102 037	124 539	147 900	169 408	169 408	178 797	189 376	201 673
Service charges - water revenue	21564	25 671	28 493	32 285	32 285	33 265	35 113	36 974
Service charges - sanitation revenue	11857	16 797	19 819	20 934	20 934	24 844	28 517	29 250
Service charges - refuse revenue	10 969	12 599	14 619	18 147	18 147	19 215	20 228	21 552
Service charges - other	—	—	—	—	—	—	—	—
Rental of facilities and equipment	2 182	2 405	2 913	2 407	2 407	3 088	3 252	3 414
Interest earned - external investments	13 372	11 326	10 609	12 023	12 023	10 820	9 894	8 900
Interest earned - outstanding debtors	1263	1187	1295	1195	1195	1276	1340	1407
Dividends received	—	—	—	—	—	—	—	—
Fines	6 415	5 052	3 285	4 040	4 040	4 039	4 041	4 042
Licences and permits	2 618	2 713	2 864	2 724	2 724	3 007	3 157	3 315
Agency services	2 245	2 301	2 412	2 416	2 416	2 539	2 666	2 799
Transfers recognised - operational	50 268	40 026	39 749	34 701	35 461	51 379	78 566	75 164
Other revenue	11 683	15 939	15 141	11 360	11 360	12 130	12 450	12 749
Gains on disposal of PPE	2 673	6 287	402	6 365	6 365	200	200	200
Total Revenue (excluding capital transfers and contributions)	290 981	323 505	349 955	385 473	386 234	414 185	462 765	480 251

Table 3 Summary of revenue classified by municipal vote

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote								
Vote 1 - Corporate Services	1 719	1 408	6 488	5 453	5 453	6 134	6 415	6 834
Vote 2 - Civil Services	60 742	67 316	86 303	94 676	94 676	103 222	112 531	118 921
Vote 3 - Council	110	52	158	2 492	2 832	68 711	64 339	52 171
Vote 4 - Electricity Services	103 396	125 291	149 879	171 059	171 059	180 666	191 501	204 090
Vote 5 - Financial Services	128 226	150 667	111 068	118 724	127 227	94 033	104 586	118 573
Vote 6 - Development Services	3 006	3 866	4 018	3 158	3 376	4 487	4 699	4 705
Vote 7 - Municipal Manager	—	—	—	—	—	—	—	—
Vote 8 - Protection Services	11 615	10 291	8 861	9 391	9 391	10 386	10 679	10 987
Total Revenue by Vote	308 816	358 891	366 775	404 953	414 014	467 638	494 750	516 282

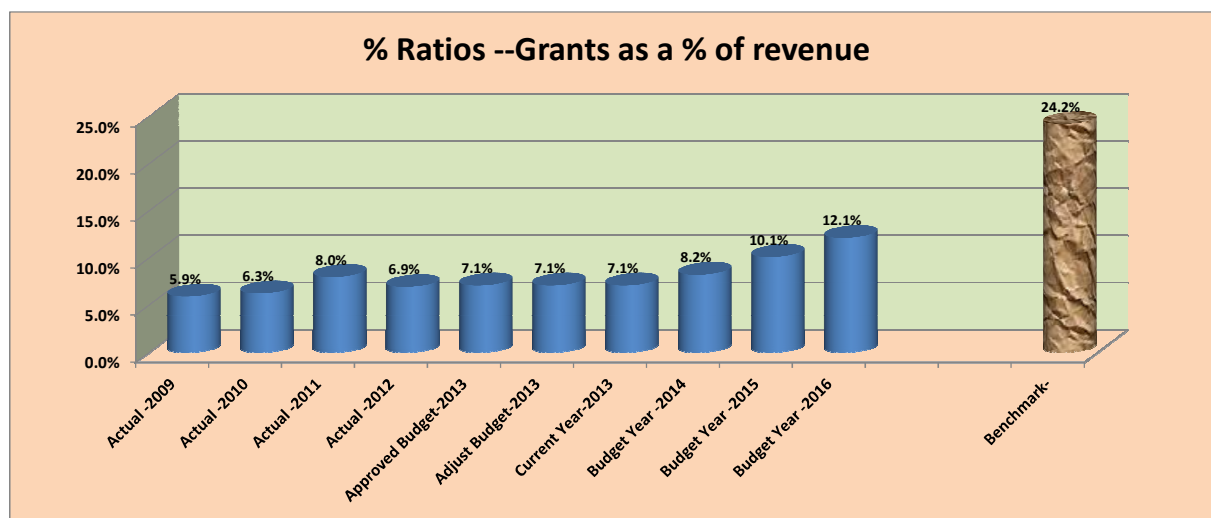
In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted	%	Budget Year	%	Budget Year	%	Budget Year	%
	Budget		2012/13		+1 2013/14		+2 2014/15	
Revenue By Source								
Property rates	67 471	17.5%	69 587	16.8%	73 966	16.0%	78 812	16.4%
Property rates - penalties & collection charges	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - electricity revenue	169 408	43.9%	178 797	43.2%	189 376	40.9%	201 673	42.0%
Service charges - water revenue	32 285	8.4%	33 265	8.0%	35 113	7.6%	36 974	7.7%
Service charges - sanitation revenue	20 934	5.4%	24 844	6.0%	28 517	6.2%	29 250	6.1%
Service charges - refuse revenue	18 147	4.7%	19 215	4.6%	20 228	4.4%	21 552	4.5%
Service charges - other	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Rental of facilities and equipment	2 407	0.6%	3 088	0.7%	3 252	0.7%	3 414	0.7%
Interest earned - external investments	12 023	3.1%	10 820	2.6%	9 894	2.1%	8 900	1.9%
Interest earned - outstanding debtors	1 195	0.3%	1 276	0.3%	1 340	0.3%	1 407	0.3%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	4 040	1.0%	4 039	1.0%	4 041	0.9%	4 042	0.8%
Licences and permits	2 724	0.7%	3 007	0.7%	3 157	0.7%	3 315	0.7%
Agency services	2 416	0.6%	2 539	0.6%	2 666	0.6%	2 799	0.6%
Transfers recognised - operational	35 461	9.2%	51 379	12.4%	78 566	17.0%	75 164	15.7%
Other revenue	11 360	2.9%	12 130	2.9%	12 450	2.7%	12 749	2.7%
Gains on disposal of PPE	6 365	1.6%	200	0.0%	200	0.0%	200	0.0%
Total Revenue (excluding capital transfers and contributions)	386 234	100%	414 185	100%	462 765	100%	480 251	100%
Total Revenue from Rates and Service Charges	308 244	79.8%	325 707	78.6%	347 200	75.0%	368 261	76.7%

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise of approximately 80 per cent of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totaled R308,244 million or 79.8% per cent of total revenue mix. This increases to an estimated R 325,707 million (78.6%), R347,200 million (75%) and R368,261 million (76.7%) in the respective financial years of the MTREF.

The municipality is highly dependent on own revenue sources, which is clearly depicted in the graph below when compared to the benchmark set in the Western Cape.



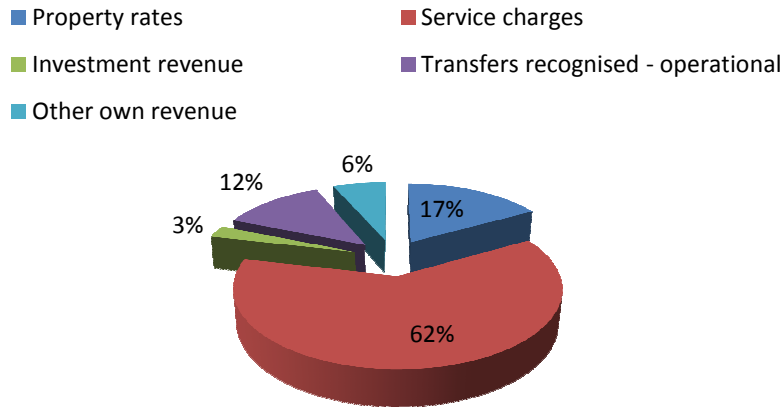
Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R100 000
2	50 kWh free electricity per month
3	10 kiloliters of water free per month
4	Free refuse x 4 removal per month
5	Free sewerage per month
6	One free wonderbag with the first registration as an indigent household.

Property rates is the second largest revenue source totaling 17 per cent or R69.587 million rand and increases to R78,812 million (16,41 per cent) by 2015/16.

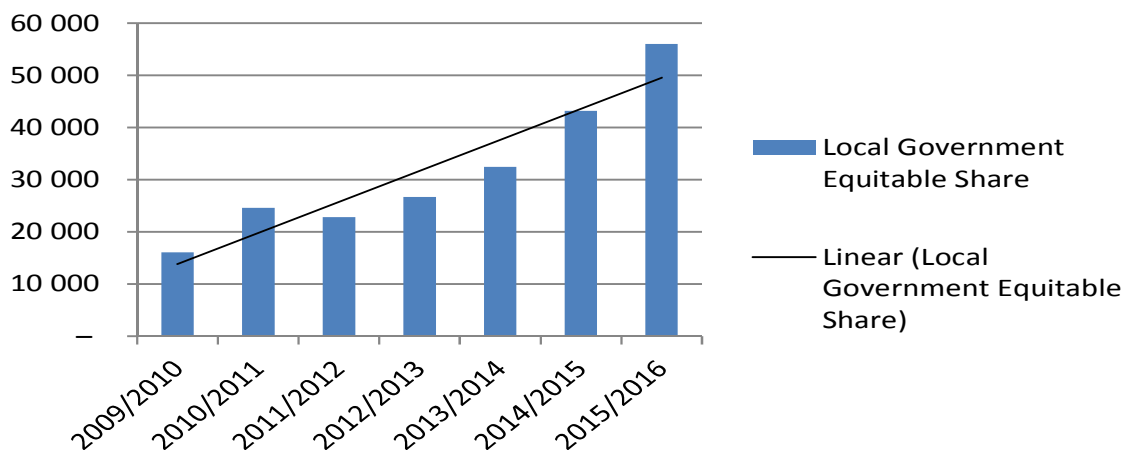
Refer to the graph below for a breakdown of the major revenue sources of Swartland Municipality. This graph is a further indication of the reliance placed on own sources to fund the budget of the municipality. It is of high importance to the municipality to maintain these revenue streams (and even try to find new possible sources) in order to keep delivering services of a high quality.

Revenue Sources



Operating grants and transfers totals R51,379 million in the 2013/2014 financial year and increases to R75,164 million by 2015/16. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. After the tabling of the National Dora during February 2013, Swartland learned that it would receive additional Equitable Share funding as a result of the revision of the formula and the publication of the latest Census data.

Local Government Equitable Share



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

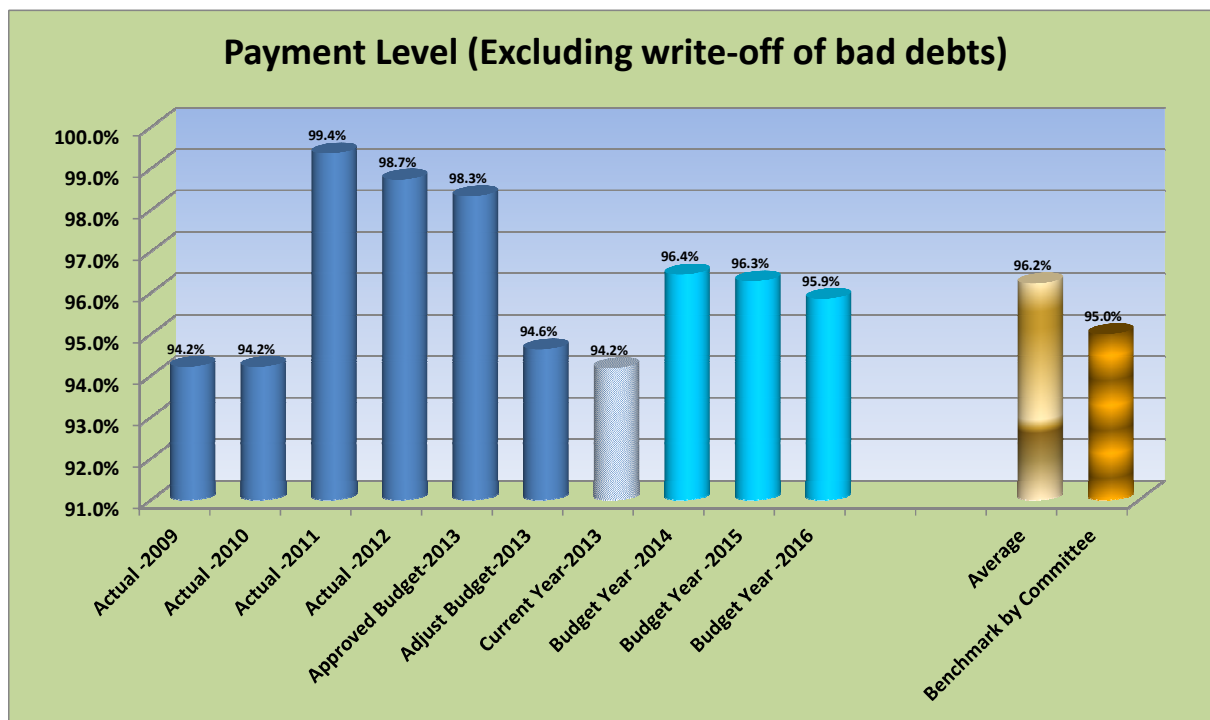
Description	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand					
EXPENDITURE:					
Operating expenditure of Transfers and Grants					
National Government:	29 802	29 802	35 696	45 617	58 474
Local Government Equitable Share	26 752	26 752	32 506	43 233	56 007
Municipal Systems Improvement	800	800	890	934	967
Finance Management	1 250	1 250	1 300	1 450	1 500
EPWP Incentive	1 000	1 000	1 000	–	–
Provincial Government:	4 899	5 534	15 683	32 949	16 690
Community Development Workers	27	29	28	28	
Housing	–	–	10 500	27 370	11 000
Libraries	4 500	4 500	4 759	5 333	5 690
Proclaimed Roads Subsidy	172	172	178	–	–
Housing Consumer Education Grant	–	27	–	–	–
Financial Management Support Grant	–	479	–	–	–
Disaster Fund	–	109	–	–	–
PAWK: Sport and Recreation	200	–	–	–	–
Ilinge Lethu Centre	–	218	218	218	–
Other grant providers:	–	126	–	–	–
Cleanest Town	–	126	–	–	–
Total operating expenditure of Transfers and Grants:	34 701	35 461	51 379	78 566	75 164

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom (8%) and West Coast District Municipality (10.14%) bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. Refer below for payment percentage incorporated in the compilation of the MTREF:



It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality is introducing a differentiated rates tariff structure for the first time whereby tariffs for residential- and business properties are not the same. This structure is being phased in over a period of 5 years.

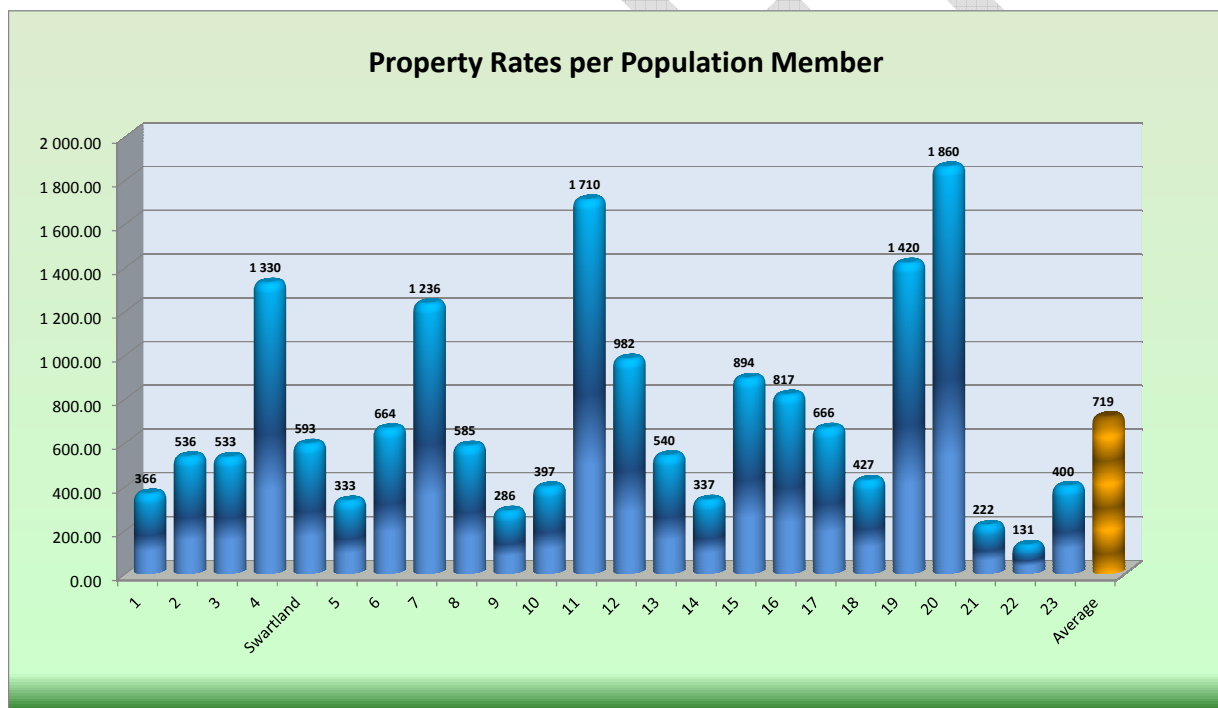
National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to

residential properties to be 0,25:1. The municipality adheres to all these regulations mentioned before.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R100 000;
- For pensioners and disabled persons, in terms of the Council's Indigent Policy, an additional total rebate of the rates payable on a R200 000 valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened. In order to compare the municipality's tariffs with that of its peers and to benchmark itself, the municipality embarked on a data collection exercise for all tariffs and financial results. The comparison for rates, based on a medium to large house, is depicted below:



At R593 per capita, the municipality is still well below the average of R719 per capita. The categories of ratable properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based are as follows:

Table 5 Comparison of proposed rates to be levied for the 2013/14 financial year

	Tariff per R1.00 Valuation			
	2012/2013	2013/2014	2014/2015	2015/2016
Rates				
Grottoabaai @ 25% of Business Standard rate	R 0.001572	R 0.001667	R 0.001767	R 0.001873
Jakkalsfontein @ 25% of Business Standard rate	R 0.001572	R 0.001667	R 0.001767	R 0.001873
Peri Urban Areas @ 25% of Residential Household	R 0.001378	R 0.001433	R 0.001490	R 0.001550
Business Standard Rate	R 0.006289	R 0.006666	R 0.007066	R 0.007490
Residential Household	R 0.005512	R 0.005732	R 0.005962	R 0.006200
Businesses in Peri Urban Areas 100% - 2009	R 0.006289	R 0.006666	R 0.007066	R 0.007490
Government properties	R 0.006289	R 0.006666	R 0.007066	R 0.007490
Pensioners @ 60%of standard rate - condition apply	R 0.003307	R 0.003439	R 0.003577	R 0.003720
% DIFFERENCE BETWEEN BUSINESS AND RESIDENTIAL	7.77%	9.34%	11.04%	12.90%

	% Tariff Increase		
	2013/2014	2014/2015	2015/2016
Grottoabaai @ 25% of Business Standard rate	6.04%	5.96%	6.00%
Jakkalsfontein @ 25% of Business Standard rate	6.04%	5.96%	6.00%
Peri Urban Areas @ 25% of Residential Household	3.99%	3.94%	4.03%
Business Standard Rate	5.99%	6.01%	6.00%
Residential Household	3.99%	4.02%	3.98%
Businesses in Peri Urban Areas 100% - 2009	5.99%	6.01%	6.00%
Government properties	5.99%	6.01%	6.00%
Pensioners @ 60%of standard rate - condition apply	3.99%	4.02%	3.98%

All rate increases were guided by the National CPIX figures.

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

The municipality obtains water from the West Coast District Municipality (WCDM). The WCDM indicated that the water tariffs will increase by 10.14%. Based on the affordability exercise performed by the municipality, it is not possible to pass these excessive increases on to the

consumer, as this will be counterproductive and lead to an increase in bad debts. It should also be kept in mind that an increase of 12.5% was passed on to the consumers in the prior year as a result of bulk tariff increases coupled with the fact that water as a trading service is currently operating at a loss. It is anticipated that the water service (after taking into account the tariff increases) will operate at a loss of 14.76% (Net loss divided by Revenue derived from the Service). This percentage will further deteriorate over the MTREF.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Water	2012/2013	2013/2014	2014/2015	2015/2016
Huishoud.Gratis 6 kl	R -	R -	R -	R -
Huishoud. 7 tot 30 Kl.	R 8.19	R 8.68	R 9.29	R 9.94
Huishoud. 31 tot 60 Kl.	R 11.27	R 11.95	R 12.78	R 13.68
Huishoud. 61 en meer	R 17.45	R 18.50	R 19.79	R 21.18
Huishoud Gratis 10 kl -6KlRaad+4 EQS	R -	R -	R -	R -
Besighede	R 9.84	R 10.43	R 11.16	R 11.94
Sport Clubs	R 9.84	R 10.43	R 11.16	R 11.94
Farms Business	R 9.84	R 10.43	R 11.16	R 11.94
Departemental water consumption	R 8.19	R 8.68	R 9.29	R 9.94
Plase Huishoud.Gratis 6 kl	R -	R -	R -	R -
Plase Huishoud. 7 tot 30 Kl.	R 8.19	R 8.68	R 9.29	R 9.94
Plase Huishoud. 31 tot 60 Kl.	R 11.27	R 11.95	R 12.78	R 13.68
Plase Huishoud. 61 en meer	R 17.45	R 18.50	R 19.79	R 21.18

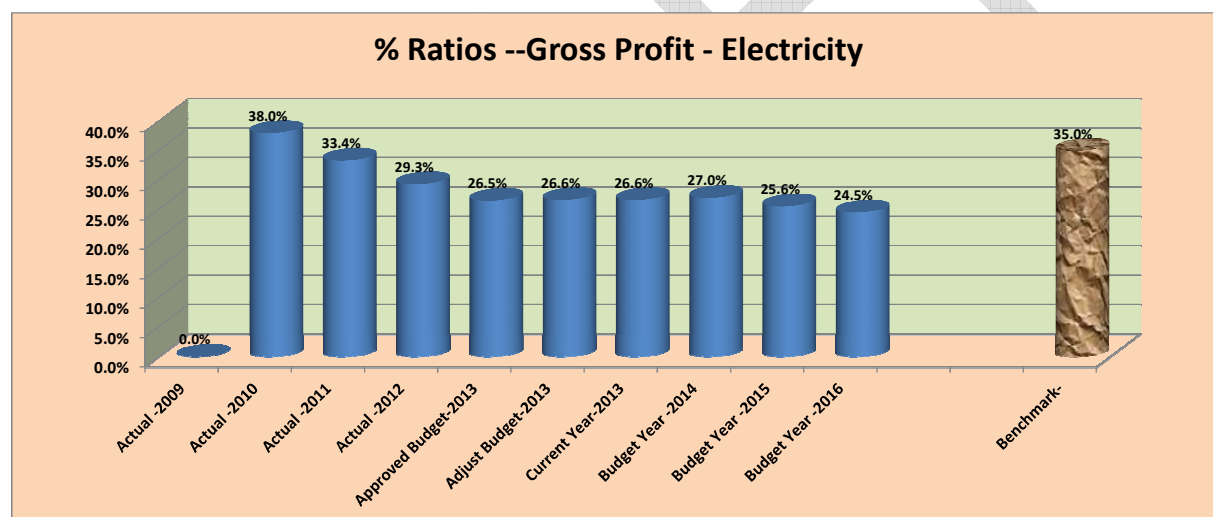
% Increase	2013/2014	2014/2015	2015/2016
Huishoud.Gratis 6 kl			
Huishoud. 7 tot 30 Kl.	6.00%	7.00%	7.00%
Huishoud. 31 tot 60 Kl.	6.00%	7.00%	7.00%
Huishoud. 61 en meer	6.00%	7.00%	7.00%
Huishoud Gratis 10 kl -6KlRaad+4 EQS			
Besighede	6.00%	7.00%	7.00%
Sport Clubs	6.00%	7.00%	7.00%
Farms Business	6.00%	7.00%	7.00%
Departemental water consumption	6.00%	7.00%	7.00%
Plase Huishoud.Gratis 6 kl			
Plase Huishoud. 7 tot 30 Kl.	6.00%	7.00%	7.00%
Plase Huishoud. 31 tot 60 Kl.	6.00%	7.00%	7.00%
Plase Huishoud. 61 en meer	6.00%	7.00%	7.00%

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R18.50 per kilolitre for consumption in excess of 60kl per 30 day period. This structure is implemented to encourage consumers to use water sparingly.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A nominal rate increase of 8 per cent was proposed to municipalities and will be effective from 1 July 2013. The municipality is however still awaiting the final approved figure to be implemented.

Electricity is regarded as a trading account which should make a profit. From the graph below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer. It is further worth mentioning that Swartland Municipality only supplies electricity to 4 (Malmesbury, Moorreesburg, Darling and Yzerfontein) of its 11 towns within the municipal area. This will further restrict the municipality from generating funds from a service currently running at a net profit percentage of 14.44%



Electricity line losses are continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% is being regarded as “acceptable” in the industry and Swartland is well below that norm. Based on 2011/2012 audited data, the Electricity losses is approximately 7%.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Electricity		2012/2013	2013/2014	2014/2015	2015/2016
1	Households and Farming Consumers Basic	R 118.3300	R 126.3764	R 135.2228	R 145.0941
1	Households and Farming Consumers per kWh:-				
1	(0-50kWh)	R 0.6600	R 0.6970	R 0.7374	R 0.7824
1	(51-350kWh)	R 0.8200	R 0.8758	R 0.9371	R 1.0055
1	(351-600kWh)	R 1.0900	R 1.1641	R 1.2456	R 1.3365
1	(>600kWh)	R 1.2900	R 1.3777	R 1.4742	R 1.5818
2	Commerce / Non Standard . Basic Ampere	R 5.640000	R 6.0235	R 6.4452	R 6.9157
2	Commerce / Non Standard .per kWh	R 1.011705	R 1.080501	R 1.1561	R 1.2405
2	Commerce Basic < 20KVA	R 305.8000	R 326.59	R 349.4560	R 374.9663
2	Commerce Basic 20 to 40 KVA	R 402.2300	R 429.58	R 459.6524	R 493.2070
2	Commerce Basic >40 KVA	R 734.1100	R 784.03	R 838.9115	R 900.1521
2	Commerce Basic < 20KVA per kWh	R 1.011705	R 1.080501	R 1.1561	R 1.2405
2	Commerce Basic 20 to 40 KVA per kWh	R 1.011705	R 1.080501	R 1.1561	R 1.2405
2	Commerce Basic >40 KVA per kWh	R 1.011705	R 1.080501	R 1.1561	R 1.2405
3	Bulk Consumers Basic	R 821.4600	R 877.30	R 938.7088	R 1 007.2345
3	Bulk Consumers - kWh	R 0.386273	R 0.412540	R 0.4414	R 0.4736
3	Bulk Consumers - Max. Demand KVA	R 158.3585	R 169.1269	R 180.9658	R 194.1763
4	Retail Consumers > 100 kWh	R 1.478142	R 1.578656	R 1.6892	R 1.8125
4	Retail Consumers < 100 kWh	R 1.478142	R 1.578656	R 1.6892	R 1.8125
5	Alternative - Households 20 Amp.:-				
5	(0-50kWh)	R 0.6100	R 0.6442	R 0.6815	R 0.7231
5	(51-350kWh)	R 0.7700	R 0.8224	R 0.8799	R 0.9442
5	(351-600kWh)	R 1.0400	R 1.1107	R 1.1885	R 1.2752
5	(>600kWh)	R 1.2400	R 1.3243	R 1.4170	R 1.5205
6	Street Lights	R 0.6400	R 0.6835	R 0.7314	R 0.7848
7	Prepaid - Indigent ready bord:-				
7	(0-50kWh)	R 0.6100	R 0.6442	R 0.6815	R 0.7231
7	(51-350kWh)	R 0.7700	R 0.8224	R 0.8799	R 0.9442
7	(351-600kWh)	R 1.0400	R 1.1107	R 1.1885	R 1.2752
7	(>600kWh)	R 1.2400	R 1.3243	R 1.4170	R 1.5205
8	Commercial Pre paid	R 1.433397	R 1.530868	R 1.6380	R 1.7576
9	Sports Grounds	R 2.567670	R 2.742272	R 2.9342	R 3.1484
10	Bulk time of use tariff	R 821.4400	R 877.30	R 938.71	R 1 007.23
10	Tou Basic				
10	Extention Levy Tou	R -	R -	R -	R -
10	Tou Low Consumption				
10	Peak (kWh)	R 0.631361	R 0.736167	R 0.7877	R 0.8452
10	Standard (kWh)	R 0.386185	R 0.506559	R 0.5420	R 0.5816
10	Off peak (kWh)	R 0.270236	R 0.321121	R 0.3436	R 0.3687
10	Tou high Consumption				
10	Peak (kWh)	R 2.262803	R 2.258277	R 2.4164	R 2.5928
10	Standard (kWh)	R 0.587615	R 0.683573	R 0.7314	R 0.7848
10	Off peak (kWh)	R 0.313582	R 0.370936	R 0.3969	R 0.4259
10	Maksimum aanvraag KVA	R 111.207648	R 106.76	R 114.23	R 122.57
12	Prepaid - Households:- Non Indigent				
12	Per kWh	R 1.213780			
12	(0-50kWh)	R -	R 1.2660	R 1.3230	R 1.3865
12	(51-350kWh)	R -	R 1.2660	R 1.3230	R 1.3865
12	(351-600kWh)	R -	R 1.2660	R 1.3230	R 1.3865
12	(>600kWh)	R -	R 1.3777	R 1.4397	R 1.5088

		% Tariff Increase		
Electricity		2013/2014	2014/2015	2015/2016
1	Households and Farming Consumers Basic	6.80%	7.00%	7.30%
1	Households and Farming Consumers per kWh:-			
1	(0-50kWh)	5.60%	5.80%	6.10%
1	(51-350kWh)	6.80%	7.00%	7.30%
1	(351-600kWh)	6.80%	7.00%	7.30%
1	(>600kWh)	6.80%	7.00%	7.30%
2	Commerce / Non Standard . Basic Ampere	6.80%	7.00%	7.30%
2	Commerce / Non Standard .per kWh	6.80%	7.00%	7.30%
2	Commerce Basic < 20KVA	6.80%	7.00%	7.30%
2	Commerce Basic 20 to 40 KVA	6.80%	7.00%	7.30%
2	Commerce Basic >40 KVA	6.80%	7.00%	7.30%
2	Commerce Basic < 20KVA per kWh	6.80%	7.00%	7.30%
2	Commerce Basic 20 to 40 KVA per kWh	6.80%	7.00%	7.30%
2	Commerce Basic >40 KVA per kWh	6.80%	7.00%	7.30%
3	Bulk Consumers Basic	6.80%	7.00%	7.30%
3	Bulk Consumers - kWh	6.80%	7.00%	7.30%
3	Bulk Consumers - Max. Demand KVA	6.80%	7.00%	7.30%
4	Retail Consumers > 100 kWh	6.80%	7.00%	7.30%
4	Retail Consumers < 100 kWh	6.80%	7.00%	7.30%
5	Alternative - Households 20 Amp:-			
5	(0-50kWh)	5.60%	5.80%	6.10%
5	(51-350kWh)	6.80%	7.00%	7.30%
5	(351-600kWh)	6.80%	7.00%	7.30%
5	(>600kWh)	6.80%	7.00%	7.30%
6	Street Lights	6.80%	7.00%	7.30%
7	Prepaid - Indigent ready bord:-			
7	(0-50kWh)	5.60%	5.80%	6.10%
7	(51-350kWh)	6.80%	7.00%	7.30%
7	(351-600kWh)	6.80%	7.00%	7.30%
7	(>600kWh)	6.80%	7.00%	7.30%
8	Commercial Pre paid	6.80%	7.00%	7.30%
9	Sports Grounds	6.80%	7.00%	7.30%
10	Bulk time of use tariff	6.80%	7.00%	7.30%
10	Tou Basic			
10	Extention Levy Tou			
10	Tou Low Consumption			
10	Peak (kWh)	16.60%	7.00%	7.30%
10	Standard (kWh)	31.17%	7.00%	7.30%
10	Off peak (kWh)	18.83%	7.00%	7.30%
10	Tou high Consumption			
10	Peak (kWh)	-0.20%	7.00%	7.30%
10	Standard (kWh)	16.33%	7.00%	7.30%
10	Off peak (kWh)	18.29%	7.00%	7.30%
10	Maksimum aanvraag KVA	-4.00%	7.00%	7.30%
12	Prepaid - Households:- Non Indigent			
12	Per kWh			
12	(0-50kWh)		4.50%	4.80%
12	(51-350kWh)		4.50%	4.80%
12	(351-600kWh)		4.50%	4.80%
12	(>600kWh)		4.50%	4.80%

Comparison between current electricity charges and increases

The table above provides the increases in tariffs for different users. A summary of the total impact of tariff adjustments will be provided later in this report.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 13 percent for sanitation from 1 July 2013 is proposed. A further increase of 13% is proposed for the two outer MTREF periods annually. The increases, which are well above the annual projected inflation rates, are mainly as a result of the repayments on the loan of R105 million which was raised in the 2011/2012 financial year to finance the upgrading of the Malmesbury WWTW. Despite the proposed tariff increases and the fact that the sewerage service is regarded as an economic service which should pay for itself, the service ends with a shortfall of R4,3 million (-11,42%) during 2013/2014. This shortfall will decrease to R 0.38 million in 2015/2016 and it is expected that the service will become cost reflective in the years subsequent to 2015/2016.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

Sewerage	2012/2013	2013/2014	2014/2015	2015/2016
Swartland 2 nd point	R 19.01	R 21.48	R 24.27	R 27.43
Swartland 1 st point	R 126.71	R 143.18	R 161.80	R 182.83
Sewerage Domestic pumpings 1 st 2 p.m.	R 126.71	R 143.18	R 161.80	R 182.83
Sewerage Domestic pumpings 3 rd per pumping	R -	R -	R -	R -
Riebeek Wes Flow over 50% discount	R 63.36	R 71.59	R 80.90	R 91.41

	%Tariff Increase		
Sewerage	2013/2014	2014/2015	2015/2016
Swartland 2 nd point	13.00%	13.00%	13.00%
Swartland 1 st point	13.00%	13.00%	13.00%
Sewerage Domestic pumpings 1 st 2 p.m.	13.00%	13.00%	13.00%
Sewerage Domestic pumpings 3 rd per pumping			
Riebeek Wes Flow over 50% discount	13.00%	13.00%	13.00%

The table above provides the increases in tariffs for different users. A summary of the total impact of tariff adjustments will be provided later in this report.

1.4.5 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a surplus which indicates that the tariffs are cost reflective. The projected surpluses on the service are R1.740 million (6.83%), R1,855 million (6,89%) and R1,921 million (6.62%) over the MTREF period.

A 6,75 percent increase in the waste removal tariff is proposed from 1 July 2013.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 8 Comparison between current waste removal fees and increases

Refuse Removal	2012/2013	2013/2014	2014/2015	2015/2016
Bonny Bird Farms	R 82.74	R 88.32	R 93.62	R 101.58
Bulk Containers	R 496.45	R 529.96	R 561.76	R 609.51
Commerce (Moorreesburg Only)	R 82.74	R 88.32	R 93.62	R 101.58
Peri Urban Areas	R 82.74	R 88.32	R 93.62	R 101.58
All Other	R 82.74	R 88.32	R 93.62	R 101.58

	% Tariff Increase		
Refuse Removal	2013/2014	2014/2015	2015/2016
Bonny Bird Farms	6.75%	6.00%	8.50%
Bulk Containers	6.75%	6.00%	8.50%
Commerce (Moorreesburg Only)	6.75%	6.00%	8.50%
Peri Urban Areas	6.75%	6.00%	8.50%
All Other	6.75%	6.00%	8.50%

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Description		2013/14 Medium Term Revenue & Expenditure Framework			
	Adjusted Budget	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent					
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	366.86	3.99%	334.37	347.78	361.67
Electricity : Basic lev y	118.33	6.80%	126.38	135.22	145.09
Electricity : Consumption	1 067.50	6.80%	1 139.69	1 219.05	1 307.60
Water: Consumption	196.56	6.00%	208.35	222.94	238.54
Sanitation	126.71	13.00%	143.18	161.80	182.83
Refuse removal	82.74	6.75%	88.32	93.62	101.58
Total large household bill:	1 958.70	4.2%	2 040.30	2 180.42	2 337.32
% increase/-decrease	–		4.2%	6.9%	7.2%
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	262.04	3.99%	238.83	248.42	258.33
Electricity : Basic lev y	118.33	6.80%	126.38	135.22	145.09
Electricity : Consumption	429.00	6.80%	472.19	504.83	541.24
Water: Consumption	32.76	6.00%	148.62	159.03	170.16
Sanitation	126.71	13.00%	143.18	161.80	182.83
Refuse removal	82.74	6.75%	88.32	93.62	101.58
Total small household bill:	1 051.58	15.8%	1 217.53	1 302.92	1 399.24
% increase/-decrease	–		15.8%	7.0%	7.4%

Description	2013/14 Medium Term Revenue & Expenditure Framework				
	Adjusted Budget	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent					
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	262.04	3.99%	388.85	412.18	436.92
Electricity: Basic levy	118.33	6.80%	126.38	135.22	145.09
Electricity: Consumption	429.00	6.80%	472.19	504.83	541.24
Water: Consumption	32.76	6.00%	148.62	159.03	170.16
Sanitation	126.71	13.00%	143.18	161.80	182.83
Refuse removal	82.74	6.75%	88.32	93.62	101.58
Total small household bill:	1 051.58	30.0%	1 367.55	1 466.68	1 577.82
% increase/-decrease	-		30.0%	7.2%	7.6%
Monthly Account for Household - 'Indigent'					
Household receiving free basic services					
Rates and services charges:					
Property rates	157.23	3.99%	166.65	176.65	187.25
Electricity: Basic levy	-	6.80%	-	-	-
Electricity: Consumption	238.00	6.80%	297.58	317.99	340.76
Water: Consumption	114.66	6.00%	54.17	57.96	62.01
Sanitation	126.71	13.00%	143.18	161.80	182.83
Refuse removal	82.74	6.75%	88.32	93.62	101.58
Total small household bill:	719.34	4.2%	749.90	808.02	874.44
% increase/-decrease	-		4.2%	7.7%	8.2%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circular 66;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

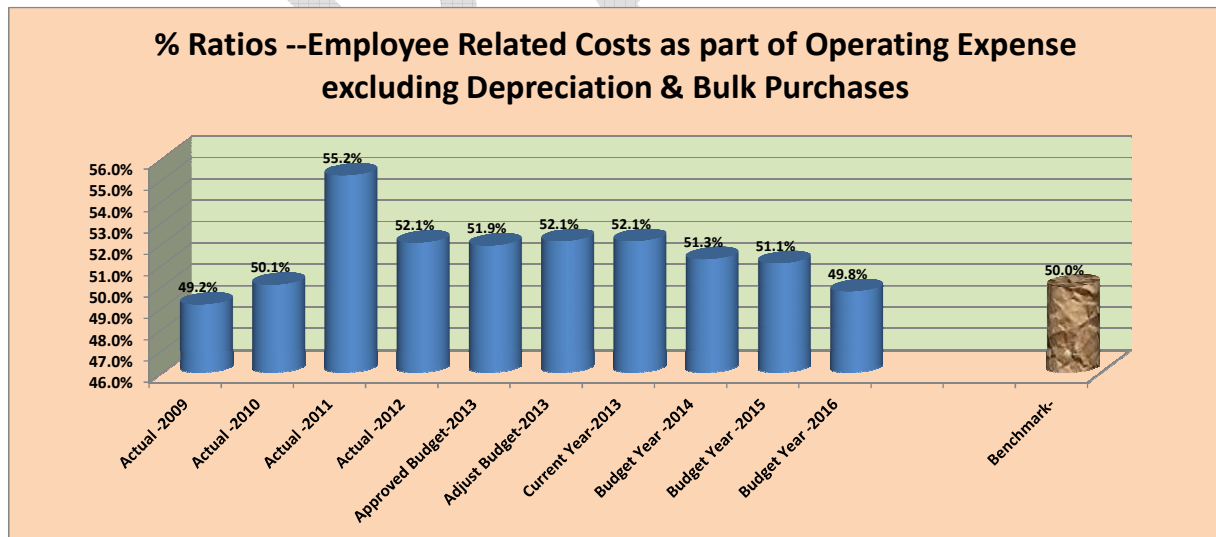
The following table is a high level summary of the 2013/13 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

WC015 Swartland - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type										
Employee related costs	87,629	99,527	110,427	117,689	120,122	120,122	120,122	127,433	138,457	149,575
Remuneration of councillors	4,899	5,314	6,619	7,016	7,421	7,421	7,421	7,018	7,455	7,961
Debt impairment	1,651	1,434	1,473	9,636	9,636	9,636	9,636	10,748	12,113	14,491
Depreciation & asset impairment	62,040	64,936	67,006	76,853	68,546	68,546	68,546	73,826	75,897	78,971
Finance charges	7,281	6,270	5,255	15,864	15,860	15,860	15,860	15,096	14,633	14,287
Bulk purchases	77,900	100,399	122,558	145,447	145,247	145,247	145,247	150,625	163,105	176,627
Contracted services	2,790	2,884	3,104	3,345	3,291	3,291	3,291	3,453	3,630	3,866
Transfers and grants	1,157	1,084	1,231	1,363	1,363	1,363	1,363	1,403	1,403	1,435
Other expenditure	90,372	65,330	64,226	53,267	55,943	55,943	55,943	69,722	96,049	92,199
Loss on disposal of PPE	-	826	3,329	-	-	-	-	5,013	5,263	5,527
Total Expenditure	335,719	348,005	385,228	430,480	427,429	427,429	427,429	464,337	518,005	544,940

The budgeted allocation for employee related costs for the 2013/14 financial year totals R127,433 million, which equals 27.44 per cent of the total operating expenditure. This percentage declines to 26.73 in 2014/2015, but returns to 27.44 in 2015/2016. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is in line with the benchmarking figure set between the municipalities in the Western Cape.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 96 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year this amount equates to R10,748 million and escalates to R14,491 million by 2015/16. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R73,826 million for the 2013/14 financial and equates to 15,90 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 22.9 per cent of the expenditure. The benchmark for local municipalities in the Western Cape is 9,5 per cent. This difference is due to the application of a deemed cost in terms of Directive 7 issued by the Accounting Standards Board. Note that the implementation of GRAP 17 accounting standard has also meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 3,25 per cent (R15,096 million) of operating expenditure excluding annual redemption for 2013/14 and decreases to R14,287 million by 2015/16. As previously noted, the Municipality is limiting its borrowing in order to keep finance charges to the absolute minimum.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represents 28,11 per cent of expenditure and decrease to 27,21 per cent and 27,94 per cent in the outer years.

National Treasury is introducing a new Chart of Accounts and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure. The municipality's financial systems are, however, not yet ready to implement this change and will be addressed in future budgets.

Contracted services currently consist of the following and are linked to the delivery of primary services:

- Printing of Accounts
- Cleaning Services
- Cleaning Public Open Spaces
- Highlands Refuse Dump: Recycling
- Refuse Removal: Wasteman
- Sweeping of Streets

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

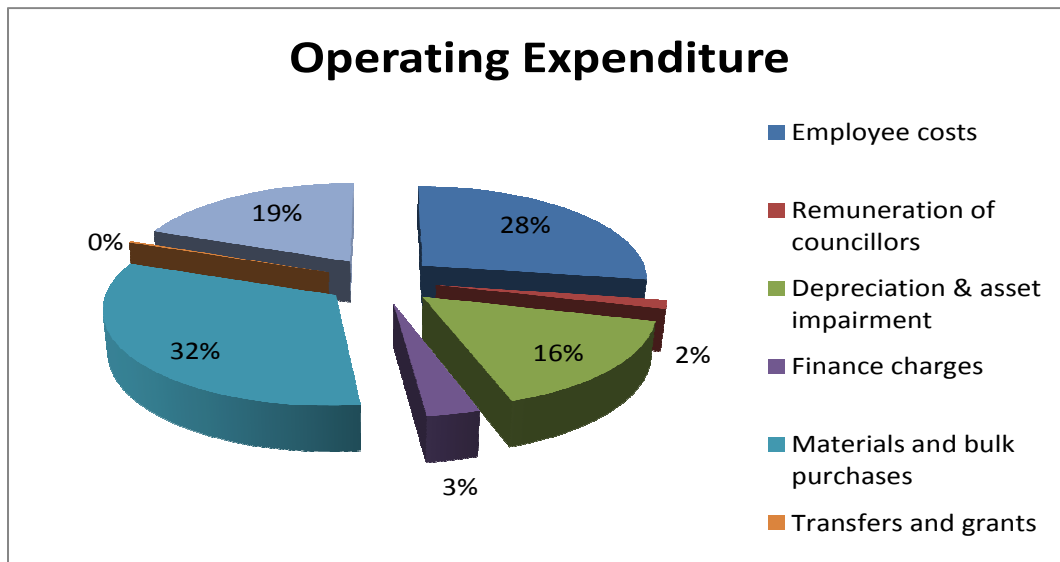


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Although repairs and maintenance as a percentage of total operating expenditure is still relatively low when compared to the benchmark set by National Treasury of 8%, it is important to take note of the emphasis placed on the renewal of existing infrastructure assets in the capital budget.

Table 10 Repairs and maintenance per asset class

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance						
Infrastructure	9 420	10 588	11 008	10 436	10 813	11 288
Infrastructure - Road transport	3 307	3 612	3 602	3 575	3 665	3 760
Infrastructure - Electricity	986	1 046	1 096	1 053	1 105	1 160
Infrastructure - Water	823	980	976	1 043	976	979
Infrastructure - Sanitation	1 288	1 676	1 860	1 269	1 332	1 399
Infrastructure - Other	3 015	3 274	3 474	3 496	3 735	3 989
Community	669	808	797	794	834	875
Other assets	5 349	6 802	5 867	6 474	6 126	6 489
Total Repairs and Maintenance Expenditure	15 438	18 197	17 671	17 704	17 773	18 652
R&M as a % of PPE	0.9%	1.1%	1.0%	1.0%	1.0%	1.1%
R&M as % Operating Expenditure	4.0%	4.2%	4.1%	3.8%	3.4%	3.4%

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilizing the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The income foregone as a result of free basic services totals R31,159 million in the budget year and increasing to R35,814 million and 42,918 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2013/14 Medium-term capital budget per vote

Vote Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
Capital expenditure - Vote						
Multi-year expenditure to be appropriated						
Vote 2 - Civil Services	59 846	37 507	29 334	31 344	28 755	4 528
Capital multi-year expenditure sub-total	59 846	37 507	29 334	31 344	28 755	4 528
Single-year expenditure to be appropriated						
Vote 1 - Corporate Services	363	269	1 265	428	68	64
Vote 2 - Civil Services	32 015	29 090	29 924	37 422	27 052	46 517
Vote 3 - Council	–	13	13	774	814	815
Vote 4 - Electricity Services	11 589	17 060	16 807	11 340	9 850	10 300
Vote 5 - Financial Services	1 114	1 011	997	1 244	1 090	782
Vote 6 - Development Services	1 203	823	9 594	11 266	5 168	8 170
Vote 7 - Municipal Manager	–	18	18	19	20	21
Vote 8 - Protection Services	1 717	1 058	1 058	228	728	2 108
Capital single-year expenditure sub-total	48 002	49 341	59 675	62 721	44 791	68 777
Total Capital Expenditure - Vote	107 848	86 848	89 009	94 064	73 546	73 305

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE						
Total Capital Expenditure						
Infrastructure - Road transport	14 383	11 066	11 304	21 129	11 705	30 519
Infrastructure - Electricity	10 523	15 850	15 100	10 200	9 220	9 200
Infrastructure - Water	2 147	7 850	9 888	5 743	9 511	4 781
Infrastructure - Sanitation	59 961	37 607	29 434	35 335	30 957	7 127
Infrastructure - Other	–	200	7 771	2 500	–	–
Infrastructure	87 015	72 573	73 496	74 906	61 393	51 627
Community	2 325	2 109	2 020	4 140	400	–
Investment properties	2 075	–	–	8 000	5 000	8 000
Other assets	16 178	12 166	13 492	6 688	6 553	13 378
Intangibles	255	–	–	330	200	300
TOTAL CAPITAL EXPENDITURE - Asset class	107 848	86 848	89 009	94 064	73 546	73 305
ASSET REGISTER SUMMARY - PPE (WDV)						
Infrastructure - Road transport	584 561	564 813	572 514	549 620	532 979	534 003
Infrastructure - Electricity	306 018	310 263	314 404	312 521	309 319	305 593
Infrastructure - Water	283 132	276 820	277 419	272 802	271 663	265 362
Infrastructure - Sanitation	332 319	346 850	366 937	392 074	412 547	408 765
Infrastructure - Other	1 314	1 437	9 144	9 502	7 300	5 009
Infrastructure	1 507 344	1 500 182	1 540 418	1 536 518	1 533 807	1 518 733
Community	48 191	50 430	49 263	50 301	47 513	44 196
Heritage assets	108	105	88	71	53	34
Investment properties	33 964	33 957	33 957	41 921	46 883	54 844
Other assets	171 729	172 302	174 517	167 904	160 673	159 659
Intangibles	314	98	240	542	714	985
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 761 651	1 757 075	1 798 483	1 797 258	1 789 643	1 778 451
EXPENDITURE OTHER ITEMS						
Depreciation & asset impairment	67 006	76 853	68 546	73 826	75 897	78 971
Repairs and Maintenance by Asset Class	15 438	18 197	17 671	17 704	17 773	18 652
Infrastructure - Road transport	3 307	3 612	3 602	3 575	3 665	3 760
Infrastructure - Electricity	986	1 046	1 096	1 053	1 105	1 160
Infrastructure - Water	823	980	976	1 043	976	979
Infrastructure - Sanitation	1 288	1 676	1 860	1 269	1 332	1 399
Infrastructure - Other	3 015	3 274	3 474	3 496	3 735	3 989
Infrastructure	9 420	10 588	11 008	10 436	10 813	11 288
Community	669	808	797	794	834	875
Other assets	5 349	6 802	5 867	6 474	6 126	6 489
TOTAL EXPENDITURE OTHER ITEMS	82 444	95 050	86 217	91 530	93 670	97 622
Renewal of Existing Assets as % of total capex	100.0%	100.0%	89.5%	55.8%	58.2%	63.9%
Renewal of Existing Assets as % of deprecn"	161.0%	113.0%	116.2%	71.0%	56.4%	59.3%
R&M as a % of PPE	0.9%	1.1%	1.0%	1.0%	1.0%	1.1%
Renewal and R&M as a % of PPE	7.0%	6.0%	5.0%	4.0%	3.0%	4.0%

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

Description	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance								
Property rates	60 453	67 471	67 471	67 471	67 471	69 587	73 966	78 812
Service charges	210 832	240 773	240 773	240 773	240 773	256 120	273 234	289 448
Investment revenue	10 609	12 023	12 023	12 023	12 023	10 820	9 894	8 900
Transfers recognised - operational	39 749	34 701	35 461	35 461	35 461	51 379	78 566	75 164
Other own revenue	28 313	30 505	30 505	30 505	30 505	26 280	27 105	27 926
Total Revenue (excluding capital transfers and contributions)	349 955	385 473	386 234	386 234	386 234	414 185	462 765	480 251
Employee costs	110 427	117 689	120 122	120 122	120 122	127 433	138 457	149 575
Remuneration of councillors	6 619	7 016	7 421	7 421	7 421	7 018	7 455	7 961
Depreciation & asset impairment	67 006	76 853	68 546	68 546	68 546	73 826	75 897	78 971
Finance charges	5 255	15 864	15 860	15 860	15 860	15 096	14 633	14 287
Materials and bulk purchases	122 558	145 447	145 247	145 247	145 247	150 625	163 105	176 627
Transfers and grants	1 231	1 363	1 363	1 363	1 363	1 403	1 403	1 435
Other expenditure	72 132	66 247	68 870	68 870	68 870	88 936	117 055	116 083
Total Expenditure	385 228	430 480	427 429	427 429	427 429	464 337	518 005	544 940
Surplus/(Deficit)	(35 273)	(45 007)	(41 195)	(41 195)	(41 195)	(50 152)	(55 240)	(64 689)
Transfers recognised - capital	16 819	19 480	27 780	27 780	27 780	53 453	31 985	36 031
Surplus/(Deficit) for the year	(18 453)	(25 527)	(13 415)	(13 415)	(13 415)	3 301	(23 255)	(28 658)
Capital expenditure & funds sources								
Capital expenditure	107 848	86 848	89 009	89 009	89 009	94 064	73 546	73 305
Transfers recognised - capital	16 819	19 480	27 630	27 630	27 630	53 453	31 985	36 031
Public contributions & donations	–	–	150	150	150	–	–	–
Borrowing	47 726	22 948	14 775	14 775	14 775	8 949	10 024	2 368
Internally generated funds	43 303	44 420	46 454	46 454	46 454	31 663	31 537	34 906
Total sources of capital funds	107 848	86 848	89 009	89 009	89 009	94 064	73 546	73 305
Financial position								
Total current assets	270 247	216 792	230 742	230 742	230 742	222 764	209 169	194 187
Total non current assets	1 762 109	1 757 528	1 782 696	1 782 696	1 782 696	1 797 898	1 790 260	1 779 044
Total current liabilities	64 717	55 648	62 506	62 506	62 506	68 319	72 881	77 852
Total non current liabilities	179 988	182 728	176 695	176 695	176 695	174 806	172 265	169 755
Community wealth/Equity	1 787 651	1 735 945	1 774 236	1 774 236	1 774 236	1 777 537	1 754 282	1 725 624

Description R thousands	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash flows								
Net cash from (used) operating	58 088	51 551	42 731	42 731	42 731	88 335	60 592	59 244
Net cash from (used) investing	(106 374)	(80 459)	(85 078)	(85 078)	(85 078)	(93 841)	(73 322)	(73 081)
Net cash from (used) financing	100 254	(6 233)	(5 673)	(5 673)	(5 673)	(4 829)	(3 247)	(3 553)
Cash/cash equivalents at the year end	219 211	177 433	171 172	171 172	171 172	160 837	144 860	127 469
Cash backing/surplus reconciliation								
Cash and investments available	219 211	177 433	171 172	171 172	171 172	160 837	144 860	127 469
Application of cash and investments	168 776	152 465	94 938	94 938	94 938	132 182	123 707	123 277
Balance - surplus (shortfall)	50 435	24 968	76 234	76 234	76 234	28 656	21 153	4 192
Asset management								
Asset register summary (WDV)	1 761 651	1 757 075	1 798 483	1 798 483	1 797 258	1 797 258	1 789 643	1 778 451
Depreciation & asset impairment	67 006	76 853	68 546	68 546	73 826	73 826	75 897	78 971
Renewal of Existing Assets	107 848	86 848	79 654	79 654	79 654	52 449	42 790	46 823
Repairs and Maintenance	15 438	18 197	17 671	17 671	17 704	17 704	17 773	18 652
Free services								
Cost of Free Basic Services provided	1 169	1 373	1 373	1 373	1 701	1 701	1 970	2 408
Revenue cost of free services provided	18 751	20 888	20 888	20 888	25 253	25 253	28 672	34 315
Households below minimum service level								
Water:	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-
Energy:	3	1	1	1	2	2	2	2
Refuse:	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which

- i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard						
<i>Governance and administration</i>	114 049	122 217	131 059	163 819	170 082	171 979
Executive and council	158	2 541	2 832	68 711	64 339	52 171
Budget and treasury office	111 068	119 676	127 227	94 033	104 586	118 573
Corporate services	2 823	–	1 000	1 075	1 157	1 235
<i>Community and public safety</i>	10 803	11 588	11 806	13 703	14 101	14 418
Community and social services	4 654	5 253	5 471	6 137	6 384	6 542
Sport and recreation	2 613	2 056	2 056	2 742	2 878	3 021
Public safety	3 285	4 028	4 028	4 561	4 563	4 565
Housing	250	251	251	263	276	290
<i>Economic and environmental services</i>	7 278	6 769	6 769	7 711	7 911	8 304
Planning and development	1 538	1 312	1 312	1 808	1 898	1 992
Road transport	5 740	5 456	5 456	5 903	6 013	6 312
<i>Trading services</i>	234 627	264 362	264 362	282 386	302 635	321 559
Electricity	149 879	171 059	171 059	180 666	191 501	204 090
Water	32 142	35 245	35 245	37 367	39 729	42 296
Waste water management	31 078	32 939	32 939	37 620	43 124	44 699
Waste management	21 529	25 119	25 119	26 734	28 282	30 474
<i>Other</i>	17	18	18	20	21	22
Total Revenue - Standard	366 775	404 953	414 014	467 638	494 750	516 282
Expenditure - Standard						
<i>Governance and administration</i>	77 489	73 525	68 568	87 291	115 606	114 120
Executive and council	12 400	18 305	14 031	25 848	43 604	28 223
Budget and treasury office	40 323	55 220	30 073	36 571	46 002	58 601
Corporate services	24 766	–	24 464	24 872	26 000	27 295
<i>Community and public safety</i>	42 115	46 769	48 009	49 686	53 278	57 018
Community and social services	10 207	10 289	11 799	12 664	13 657	14 743
Sport and recreation	12 083	15 610	15 212	14 981	15 972	17 156
Public safety	18 702	19 670	19 761	20 710	22 200	23 555
Housing	1 124	1 200	1 237	1 332	1 449	1 563
<i>Economic and environmental services</i>	53 644	54 336	54 890	58 178	61 966	64 685
Planning and development	8 891	7 638	7 909	8 460	10 797	10 936
Road transport	44 753	46 698	46 981	49 717	51 170	53 749
<i>Trading services</i>	211 093	254 809	254 941	268 221	286 163	308 061
Electricity	133 172	152 751	154 136	161 665	173 859	186 941
Water	38 947	42 310	44 345	44 449	47 375	51 157
Waste water management	19 889	38 078	34 232	38 315	39 685	42 513
Waste management	19 084	21 669	22 228	23 792	25 244	27 449
<i>Other</i>	887	1 041	1 021	962	992	1 055
Total Expenditure - Standard	385 228	430 480	427 429	464 337	518 005	544 940
Surplus/(Deficit) for the year	(18 453)	(25 527)	(13 415)	3 301	(23 255)	(28 658)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity and Waste Management (Refuse) functions, but not the Water and Waste Water management functions. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote						
Vote 1 - Corporate Services	6 488	5 453	5 453	6 134	6 415	6 834
Vote 2 - Civil Services	86 303	94 676	94 676	103 222	112 531	118 921
Vote 3 - Council	158	2 492	2 832	68 711	64 339	52 171
Vote 4 - Electricity Services	149 879	171 059	171 059	180 666	191 501	204 090
Vote 5 - Financial Services	111 068	118 724	127 227	94 033	104 586	118 573
Vote 6 - Development Services	4 018	3 158	3 376	4 487	4 699	4 705
Vote 7 - Municipal Manager	–	–	–	–	–	–
Vote 8 - Protection Services	8 861	9 391	9 391	10 386	10 679	10 987
Total Revenue by Vote	366 775	404 953	414 014	467 638	494 750	516 282
Expenditure by Vote to be appropriated						
Vote 1 - Corporate Services	15 631	16 556	17 963	17 884	19 321	20 726
Vote 2 - Civil Services	142 713	170 867	168 112	176 476	184 135	196 412
Vote 3 - Council	9 141	9 523	10 368	21 918	39 392	23 678
Vote 4 - Electricity Services	133 172	152 751	154 136	161 665	173 859	186 941
Vote 5 - Financial Services	45 668	40 174	35 577	36 571	46 002	58 601
Vote 6 - Development Services	12 199	11 920	12 364	13 134	15 891	16 459
Vote 7 - Municipal Manager	3 259	3 578	3 663	9 828	10 542	11 341
Vote 8 - Protection Services	23 445	25 111	25 246	26 862	28 862	30 781
Total Expenditure by Vote	385 228	430 480	427 429	464 337	518 005	544 940
Surplus/(Deficit) for the year	(18 453)	(25 527)	(13 415)	3 301	(23 255)	(28 658)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source						
Property rates	60 453	67 471	67 471	69 587	73 966	78 812
Service charges - electricity revenue	147 900	169 408	169 408	178 797	189 376	201 673
Service charges - water revenue	28 493	32 285	32 285	33 265	35 113	36 974
Service charges - sanitation revenue	19 819	20 934	20 934	24 844	28 517	29 250
Service charges - refuse revenue	14 619	18 147	18 147	19 215	20 228	21 552
Rental of facilities and equipment	2 913	2 407	2 407	3 088	3 252	3 414
Interest earned - external investments	10 609	12 023	12 023	10 820	9 894	8 900
Interest earned - outstanding debtors	1 295	1 195	1 195	1 276	1 340	1 407
Fines	3 285	4 040	4 040	4 039	4 041	4 042
Licences and permits	2 864	2 724	2 724	3 007	3 157	3 315
Agency services	2 412	2 416	2 416	2 539	2 666	2 799
Transfers recognised - operational	39 749	34 701	35 461	51 379	78 566	75 164
Other revenue	15 141	11 360	11 360	12 130	12 450	12 749
Gains on disposal of PPE	402	6 365	6 365	200	200	200
Total Revenue (excluding capital transfers and contributions)	349 955	385 473	386 234	414 185	462 765	480 251
Expenditure By Type						
Employee related costs	110 427	117 689	120 122	127 433	138 457	149 575
Remuneration of councillors	6 619	7 016	7 421	7 018	7 455	7 961
Debt impairment	1 473	9 636	9 636	10 748	12 113	14 491
Depreciation & asset impairment	67 006	76 853	68 546	73 826	75 897	78 971
Finance charges	5 255	15 864	15 860	15 096	14 633	14 287
Bulk purchases	122 558	145 447	145 247	150 625	163 105	176 627
Contracted services	3 104	3 345	3 291	3 453	3 630	3 866
Transfers and grants	1 231	1 363	1 363	1 403	1 403	1 435
Other expenditure	64 226	53 267	55 943	69 722	96 049	92 199
Loss on disposal of PPE	3 329	-	-	5 013	5 263	5 527
Total Expenditure	385 228	430 480	427 429	464 337	518 005	544 940
Surplus/(Deficit)	(35 273)	(45 007)	(41 195)	(50 152)	(55 240)	(64 689)
Transfers recognised - capital	16 819	19 480	27 780	53 453	31 985	36 031
Surplus/(Deficit) for the year	(18 453)	(25 527)	(13 415)	3 301	(23 255)	(28 658)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, including capital transfers, is R467,638 million in 2013/14 and escalates to R516,282 million by 2015/16. This represents a year-on-year increase of 12,95 per cent for the 2013/14, 5,8 per cent for the 2013/14 financial year and 4,35 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R68,587 million in the 2013/14 financial year and increases to R78,812 million by 2014/15 which represents 16,8 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and after taking into account all tariff increases and rebates, total property rates are set to increase by 3,14 per cent, 6,29 per cent and 6,55 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R256,120 million for the 2013/14 financial year and increasing to R289,448 million by 2015/16. For the 2013/14 financial year services charges amount to 61,84 per cent of the total revenue base and remains relatively constant over the MTREF.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. Bulk purchases have significantly increased over the 2009/10 to 2013/14 period escalating from R77,900 million to R150,625 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from West Coast District Municipality.
6. Employee related costs, depreciation and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Figure 2 Expenditure by major type

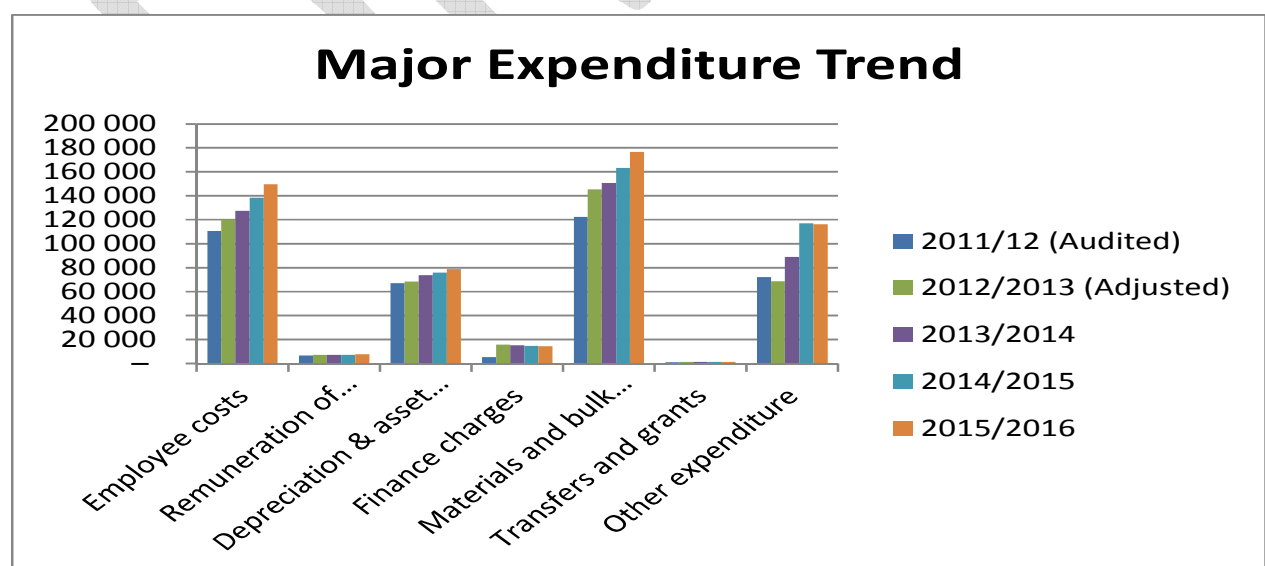


Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 2 - Civil Services	59 846	37 507	29 334	29 334	29 334	31 344	28 755	4 528
Capital multi-year expenditure sub-total	59 846	37 507	29 334	29 334	29 334	31 344	28 755	4 528
Single-year expenditure to be appropriated								
Vote 1 - Corporate Services	363	269	1 265	1 265	1 265	428	68	64
Vote 2 - Civil Services	32 015	29 090	29 924	29 924	29 924	37 422	27 052	46 517
Vote 3 - Council	–	13	13	13	13	774	814	815
Vote 4 - Electricity Services	11 589	17 060	16 807	16 807	16 807	11 340	9 850	10 300
Vote 5 - Financial Services	1 114	1 011	997	997	997	1 244	1 090	782
Vote 6 - Development Services	1 203	823	9 594	9 594	9 594	11 266	5 168	8 170
Vote 7 - Municipal Manager	–	18	18	18	18	19	20	21
Vote 8 - Protection Services	1 717	1 058	1 058	1 058	1 058	228	728	2 108
Capital single-year expenditure sub-total	48 002	49 341	59 675	59 675	59 675	62 721	44 791	68 777
Total Capital Expenditure - Vote	107 848	86 848	89 009	89 009	89 009	94 064	73 546	73 305
Capital Expenditure - Standard								
Governance and administration	1 385	1 275	2 591	2 591	2 591	2 062	1 951	1 645
Executive and council		31	31	31	31	793	834	836
Budget and treasury office	1 114	326	151	151	151	29	30	32
Corporate services	271	918	2 409	2 409	2 409	1 240	1 086	778
Community and public safety	5 465	5 041	12 573	12 573	12 573	12 872	6 626	11 385
Community and social services	136	747	750	750	750	3 669	210	206
Sport and recreation	3 105	2 685	2 111	2 111	2 111	975	688	1 070
Public safety	1 717	1 058	891	891	891	228	728	2 108
Housing	506	550	8 821	8 821	8 821	8 000	5 000	8 000
Health	–	–	–	–	–	–	–	–
Economic and environmental services	19 833	13 495	13 834	13 834	13 834	21 430	12 038	33 447
Planning and development	698	200	500	500	500	109	114	120
Road transport	19 136	13 295	13 334	13 334	13 334	21 321	11 923	33 327
Environmental protection	–	–	–	–	–	–	–	–
Trading services	81 165	67 037	60 012	60 012	60 012	57 700	52 931	26 827
Electricity	11 589	17 060	16 807	16 807	16 807	11 340	9 850	10 300
Water	3 335	8 013	10 051	10 051	10 051	5 801	9 872	4 838
Waste water management	61 492	39 779	31 099	31 099	31 099	36 006	32 754	9 030
Waste management	4 749	2 186	2 056	2 056	2 056	4 553	456	2 660
Other	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	107 848	86 848	89 009	89 009	89 009	94 064	73 546	73 305
Funded by:								
National Government	11 974	18 025	14 525	14 525	14 525	22 395	24 931	21 273
Provincial Government	4 795	116	12 621	12 621	12 621	30 208	7 054	14 758
Other transfers and grants	50	1 339	484	484	484	850	–	–
Transfers recognised - capital	16 819	19 480	27 630	27 630	27 630	53 453	31 985	36 031
Public contributions & donations	–	–	150	150	150	–	–	–
Borrowing	47 726	22 948	14 775	14 775	14 775	8 949	10 024	2 368
Internally generated funds	43 303	44 420	46 454	46 454	46 454	31 663	31 537	34 906
Total Capital Funding	107 848	86 848	89 009	89 009	89 009	94 064	73 546	73 305

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R31,344 million has been allocated of the total R94,064 million capital budget, which totals 33,32 per cent. This allocation reduces to R28,755 million in 2014/15 and then to R4,528 million in 2015/16. Single-year capital expenditure has been appropriated at R62,721 million for the 2013/14 financial year and is projected over the MTREF at levels of R44,791 million and R68,777 million respectively for the two outer years.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital program is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current and prior year surpluses.

Table 17 MBRR Table A6 - Budgeted Financial Position

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS								
Current assets								
Cash	188 259	95 403	219 211	28 805	171 172	160 837	144 860	127 469
Call investment deposits	–	71 841	–	148 628	–	–	–	–
Consumer debtors	30 095	35 700	40 539	28 315	47 611	49 611	51 611	53 611
Other debtors	13 545	8 037	5 399	6 835	6 835	6 835	6 835	6 835
Current portion of long-term receivables	10	11	23	14	24	24	24	24
Inventory	4 499	4 272	5 075	4 195	5 100	5 457	5 839	6 248
Total current assets	236 408	215 264	270 247	216 792	230 742	222 764	209 169	194 187
Non current assets								
Long-term receivables	266	255	458	229	664	640	617	593
Investment property	33 943	34 014	33 964	33 957	33 957	41 921	46 883	54 844
Property, plant and equipment	1 674 887	1 692 284	1 727 373	1 723 020	1 747 836	1 754 795	1 742 046	1 722 622
Intangible	98	128	314	98	240	542	714	985
Other non-current assets	256	226	–	224	–	–	–	–
Total non current assets	1 709 451	1 726 907	1 762 109	1 757 528	1 782 696	1 797 898	1 790 260	1 779 044
TOTAL ASSETS	1 945 859	1 942 171	2 032 356	1 974 320	2 013 438	2 020 662	1 999 429	1 973 230
LIABILITIES								
Current liabilities								
Borrowing	4 695	4 583	6 826	5 176	5 301	3 752	4 094	4 551
Consumer deposits	5 415	5 792	6 287	6 741	6 741	7 212	7 717	8 258
Trade and other payables	46 339	41 993	46 665	41 801	44 965	51 525	54 891	58 492
Provisions	1 777	1 937	4 939	1 930	5 500	5 830	6 180	6 551
Total current liabilities	58 226	54 305	64 717	55 648	62 506	68 319	72 881	77 852
Non current liabilities								
Borrowing	62 799	49 167	146 683	155 449	141 635	137 883	133 790	129 239
Provisions	25 971	28 949	33 305	27 279	35 060	36 922	38 476	40 517
Total non current liabilities	88 770	78 116	179 988	182 728	176 695	174 806	172 265	169 755
TOTAL LIABILITIES	146 996	132 421	244 705	238 376	239 202	243 125	245 147	247 607
NET ASSETS	1 798 864	1 809 750	1 787 651	1 735 945	1 774 236	1 777 537	1 754 282	1 725 624
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	1 685 467	1 684 917	1 676 787	1 590 493	1 672 111	1 675 413	1 652 157	1 623 499
Reserves	113 397	124 833	110 864	145 452	102 125	102 125	102 125	102 125
TOTAL COMMUNITY WEALTH/EQUITY	1 798 864	1 809 750	1 787 651	1 735 945	1 774 236	1 777 537	1 754 282	1 725 624

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Non-current Provisions;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

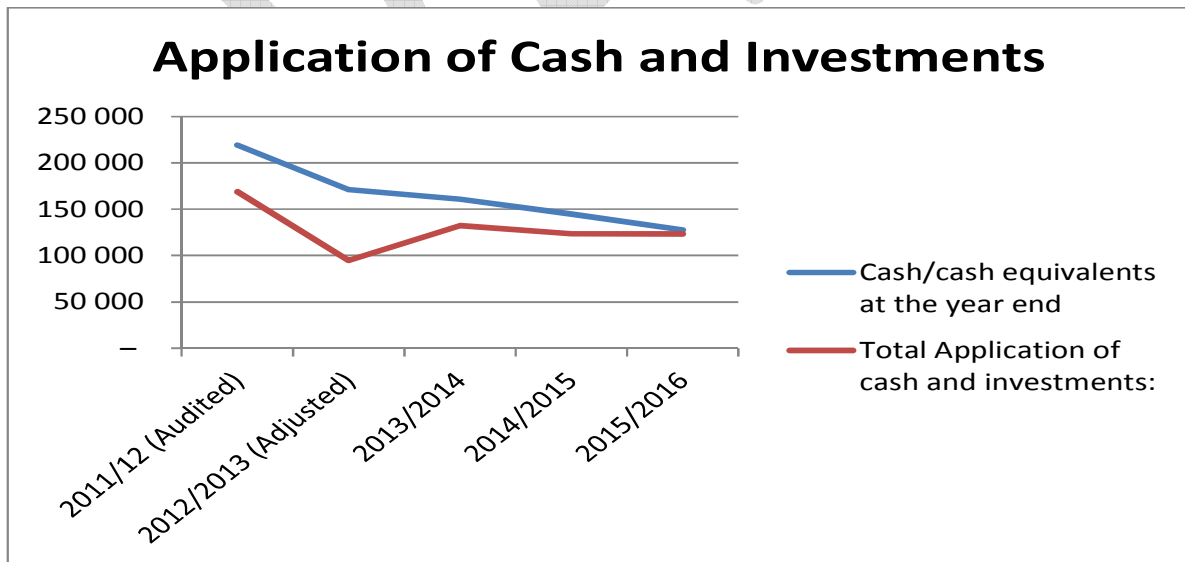
Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	299 286	326 824	314 546	339 039	359 992	379 496
Government - operating	39 749	34 701	35 661	51 379	78 566	75 164
Government - capital	16 819	19 480	27 780	53 453	31 985	36 031
Interest	10 609	12 023	8 167	10 820	9 894	8 900
Payments						
Suppliers and employees	(301 890)	(324 250)	(326 281)	(349 856)	(403 809)	(424 625)
Finance charges	(5 255)	(15 864)	(15 779)	(15 096)	(14 633)	(14 287)
Transfers and Grants	(1 231)	(1 363)	(1 363)	(1 403)	(1 403)	(1 435)
NET CASH FROM/(USED) OPERATING ACTIVITIES	58 088	51 551	42 731	88 335	60 592	59 244
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	1 446	6 365	3 931	200	200	200
Decrease (increase) other non-current receivables	24	25	-	24	24	24
Payments						
Capital assets	(107 843)	(86 848)	(89 009)	(94 064)	(73 546)	(73 305)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(106 374)	(80 459)	(85 078)	(93 841)	(73 322)	(73 081)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	105 478	-	-	-	-	-
Increase (decrease) in consumer deposits	495	321	880	472	505	540
Payments						
Repayment of borrowing	(5 720)	(6 553)	(6 553)	(5 301)	(3 752)	(4 094)
NET CASH FROM/(USED) FINANCING ACTIVITIES	100 254	(6 233)	(5 673)	(4 829)	(3 247)	(3 553)
NET INCREASE/ (DECREASE) IN CASH HELD	51 967	(35 141)	(48 020)	(10 334)	(15 978)	(17 391)
Cash/cash equivalents at the year begin:	167 244	212 573	219 192	171 172	160 837	144 860
Cash/cash equivalents at the year end:	219 211	177 433	171 172	160 837	144 860	127 469

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available						
Cash/cash equivalents at the year end	219 211	177 433	171 172	160 837	144 860	127 469
Cash and investments available:	219 211	177 433	171 172	160 837	144 860	127 469
Application of cash and investments						
Unspent conditional transfers	4 665	1 962	3 438	3 438	3 438	3 438
Unspent borrowing	57 656	—	—	33 551	23 526	21 158
Other working capital requirements	(4 409)	5 051	(10 625)	(6 931)	(5 382)	(3 444)
Reserves to be backed by cash/investments	110 864	145 452	102 125	102 125	102 125	102 125
Total Application of cash and investments:	168 776	152 465	94 938	132 182	123 707	123 277
Surplus(shortfall)	50 435	24 968	76 234	28 656	21 153	4 192

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.



3. It can be seen that the cash levels of the Municipality will decline significantly over the MTREF. From 2013/2014 the negative cash flows continue, as cash generated by operations is less than the projected the capital expenditure. The municipality should ensure that the cash generated by operations is always more than the projected capital expenditure if management is of the view not to take up any further external funding and also expect the

cash reserves to remain constant. The decline in cash could also be attributed to the spending of the R 105 million loan funding included in the cash reserves being utilized on the upgrading of the WWTW in the Swartland area over the MTREF period. Refer to unspent portion of loan funding at each reporting included in the table above.

4. Cash and cash equivalents totals R160,837 million as at the end of the 2013/14 financial year and decreases to R127,469 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

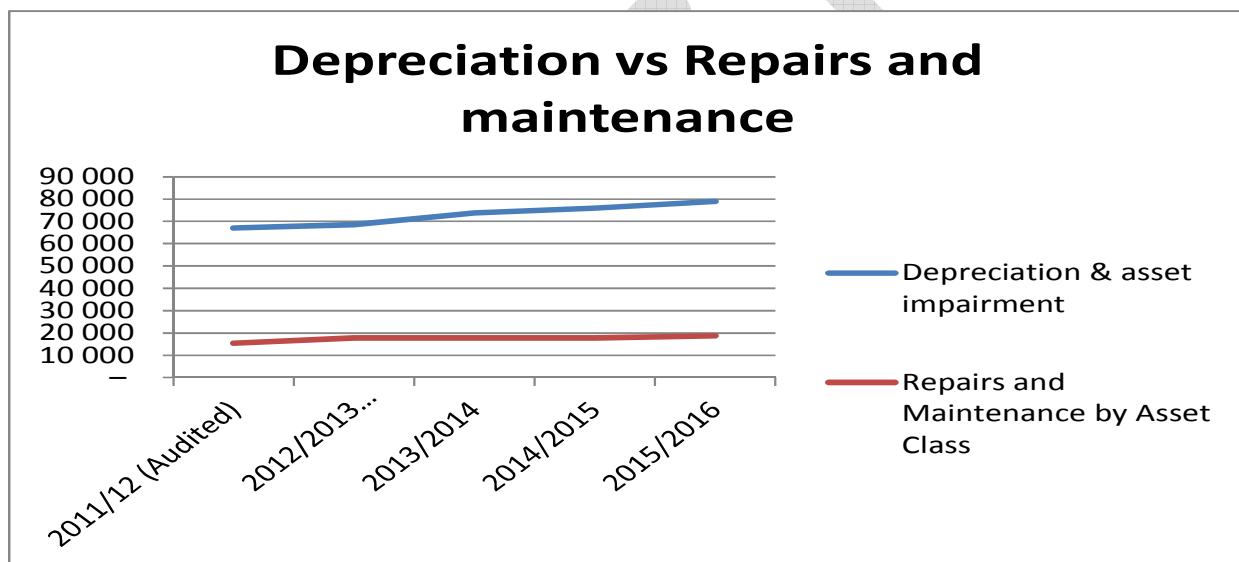
Table 20 MBRR Table A9 - Asset Management

Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE						
Total Capital Expenditure						
Infrastructure - Road transport	14 383	11 066	11 304	21 129	11 705	30 519
Infrastructure - Electricity	10 523	15 850	15 100	10 200	9 220	9 200
Infrastructure - Water	2 147	7 850	9 888	5 743	9 511	4 781
Infrastructure - Sanitation	59 961	37 607	29 434	35 335	30 957	7 127
Infrastructure - Other	–	200	7 771	2 500	–	–
Infrastructure	87 015	72 573	73 496	74 906	61 393	51 627
Community	2 325	2 109	2 020	4 140	400	–
Investment properties	2 075	–	–	8 000	5 000	8 000
Other assets	16 178	12 166	13 492	6 688	6 553	13 378
Intangibles	255	–	–	330	200	300
TOTAL CAPITAL EXPENDITURE - Asset class	107 848	86 848	89 009	94 064	73 546	73 305
ASSET REGISTER SUMMARY - PPE (WDV)						
Infrastructure - Road transport	584 561	564 813	572 514	549 620	532 979	534 003
Infrastructure - Electricity	306 018	310 263	314 404	312 521	309 319	305 593
Infrastructure - Water	283 132	276 820	277 419	272 802	271 663	265 362
Infrastructure - Sanitation	332 319	346 850	366 937	392 074	412 547	408 765
Infrastructure - Other	1 314	1 437	9 144	9 502	7 300	5 009
Infrastructure	1 507 344	1 500 182	1 540 418	1 536 518	1 533 807	1 518 733
Community	48 191	50 430	49 263	50 301	47 513	44 196
Heritage assets	108	105	88	71	53	34
Investment properties	33 964	33 957	33 957	41 921	46 883	54 844
Other assets	171 729	172 302	174 517	167 904	160 673	159 659
Intangibles	314	98	240	542	714	985
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 761 651	1 757 075	1 798 483	1 797 258	1 789 643	1 778 451
EXPENDITURE OTHER ITEMS						
Depreciation & asset impairment	67 006	76 853	68 546	73 826	75 897	78 971
Repairs and Maintenance by Asset Class	15 438	18 197	17 671	17 704	17 773	18 652
Infrastructure - Road transport	3 307	3 612	3 602	3 575	3 665	3 760
Infrastructure - Electricity	986	1 046	1 096	1 053	1 105	1 160
Infrastructure - Water	823	980	976	1 043	976	979
Infrastructure - Sanitation	1 288	1 676	1 860	1 269	1 332	1 399
Infrastructure - Other	3 015	3 274	3 474	3 496	3 735	3 989
Infrastructure	9 420	10 588	11 008	10 436	10 813	11 288
Community	669	808	797	794	834	875
Other assets	5 349	6 802	5 867	6 474	6 126	6 489
TOTAL EXPENDITURE OTHER ITEMS	82 444	95 050	86 217	91 530	93 670	97 622
Renewal of Existing Assets as % of total capex	100.0%	100.0%	89.5%	55.8%	58.2%	63.9%
Renewal of Existing Assets as % of deprecn"	161.0%	113.0%	116.2%	71.0%	56.4%	59.3%
R&M as a % of PPE	0.9%	1.1%	1.0%	1.0%	1.0%	1.1%
Renewal and R&M as a % of PPE	7.0%	6.0%	5.0%	4.0%	3.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations, but it should be noted that it exceeds the “renewal of asset” benchmark with a significant margin.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality’s the maintenance backlog and also the effect of using a deemed cost for infrastructure unbundling valuations.

Figure 3 Depreciation in relation to repairs and maintenance over the MTREF



Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2012. Key dates applicable to the process were:

(Refer to IDP and Budget Time Schedule)

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the 2012-2017 IDP as adopted by Council in May 2011. It started in August 2012 after the tabling of the IDP and Budget Time Schedule for the 2013/14.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Schedule applicable to the first revision cycle included the following key processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability of the municipality. The following key factors and planning strategies have informed the compilation of the 2013/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

A full consultation process will be carried out during April 2013. During this process members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes will be incorporated into the final budget to be approved by Council at the end of May 2013.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Western Cape Provincial Strategic Plan 2011;
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan 2012;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following list highlights the IDP's seven strategic outcomes for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Outcomes

- 1: A financially sustainable municipality with well-maintained assets
- 2: Satisfied, involved and well informed clients
- 3: An effective, efficient, motivated and appropriately skilled work force
- 4: Access to affordable and reliable municipal infrastructure
- 5: Sustainable development of the municipal area (with special emphasis on previously neglected areas)
- 6: A lean, integrated, stable and corruption free organisation
- 7: Increased community safety through traffic policing, by-law enforcement and disaster management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. The municipality's priorities are aligned with both the National Development Plan and the Provincial Strategic Plan.

The outcomes are supported by the following outputs:

1: A FINANCIALLY SUSTAINABLE MUNICIPALITY WITH WELL MAINTAINED ASSETS

- 1.1: Secured and increased sources of income
- 1.2: Affordable and well managed budget
- 1.3: Curtailing expenditure
- 1.4: Well managed and maintained assets

2: SATISFIED, INVOLVED AND WELL INFORMED CLIENTS

- 2.1: Prompt, courteous and responsive service that is sensitive to the needs/concerns of the public and respectful of individual rights
- 2.2: External and internal clients that are well informed on municipal matters
- 2.3: Citizens that are actively participating in municipal decision-making

3: AN EFFECTIVE, EFFICIENT, MOTIVATED AND APPROPRIATELY SKILLED WORK FORCE

- 3.1: A motivated, productive work force pursuing Swartland Municipality's vision, mission, philosophy and values
- 3.2: A well trained and appropriately skilled work force, striving towards service excellence
- 3.3: Safe and healthy working environment

4: ACCESS TO AFFORDABLE AND RELIABLE MUNICIPAL INFRASTRUCTURE

- 4.1: Sufficient capacity in respect of infrastructure

- 4.2: Affordable municipal infrastructure
- 4.3: Reliable, safe and well operated and maintained municipal infrastructure

5: SUSTAINABLE DEVELOPMENT OF THE MUNICIPAL AREA (WITH SPECIAL EMPHASIS ON PREVIOUSLY NEGLECTED AREAS)

- 5.1: Social development that improves people's quality of life
- 5.2: Sound management of the urban and rural environment
- 5.3: Economic growth that benefits all

6: A LEAN, INTEGRATED, STABLE AND CORRUPTION FREE ORGANISATION

- 6.1: Improved organisational focus and performance
- 6.2: Improved organisational control environment
- 6.3: Sound work ethics
- 6.4: An effective, efficient and well disciplined institution with sustainable capacity
- 6.5: Relevant and efficient IT service and infrastructure

7: INCREASED COMMUNITY SAFETY THROUGH TRAFFIC POLICING, BY-LAW ENFORCEMENT AND DISASTER MANAGEMENT

- 7.1: Increase in law compliance
- 7.2: Strengthening of fire fighting service
- 7.3: Effective disaster recovery

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand								
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	64 309	69 097	69 097	76 004	83 731	87 901
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	21 529	25 119	25 119	26 734	28 282	30 474
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	464	460	460	484	517	547
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	149 879	171 059	171 059	180 666	191 501	204 090
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	–	–	–	–	–	–
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	8 861	9 391	9 391	10 386	10 679	10 987
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	1	1	1	1	1	1
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	137	–	218	218	218	–
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	1 538	1 312	1 312	1 808	1 898	1 992
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	2 092	1 594	1 594	2 197	2 307	2 422
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	250	251	251	263	276	290
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	1 828	49	49	63	65	67
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	4 130	4 913	4 913	5 543	5 775	6 146
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	531	492	492	528	575	621
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	17 946	25 347	25 347	20 010	25 845	34 550
Financial viability and management	To ensure financial viability and sustainability	R	93 122	93 377	101 880	139 539	139 058	132 021
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	158	2 492	2 832	3 195	4 022	4 173
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	–	–	–	–	–	–
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)			366 775	404 953	414 014	467 638	494 750	516 282

Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	2 456	2 297	2 263	2 661	2 871	3 149
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	110 356	136 632	134 603	140 609	146 766	156 497
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	19 084	21 669	22 228	23 792	25 244	27 449
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	10 818	10 270	9 018	9 413	9 255	9 317
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	133 172	152 751	154 136	161 665	173 859	186 941
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	1 095	1 158	1 180	1 254	1 353	1 407
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	22 350	23 953	24 066	25 608	27 508	29 374
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	1 282	1 375	1 409	1 681	1 889	2 034
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	1 668	2 122	2 161	2 348	2 514	2 733
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	6 435	5 341	5 646	5 799	7 926	7 786
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	1 690	1 883	1 911	1 973	2 113	2 342
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	1 124	1 200	1 237	1 332	1 449	1 563
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	6 596	6 102	7 059	6 441	7 164	7 648
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	7 027	7 426	8 021	8 324	8 906	9 543
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	2 007	3 028	2 883	3 119	3 251	3 536
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	24 755	27 463	22 382	31 284	40 254	52 406
Financial viability and management	To ensure financial viability and sustainability	R	15 568	7 232	7 691	16 705	34 080	18 163
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	12 400	13 101	14 031	14 430	15 272	16 256
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	5 345	5 478	5 504	5 898	6 330	6 795
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Expenditure			385 228	430 480	427 429	464 337	518 005	544 940

Table 23 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand								
Basic service delivery and infrastructure development	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	164	173	173	109	114	120
Basic service delivery and infrastructure development	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	85 557	64 010	61 401	64 104	55 237	48 265
Basic service delivery and infrastructure development	To provide an adequate and affordable cleaning services to the municipal area	C	4 749	2 186	2 056	4 553	456	2 660
Basic service delivery and infrastructure development	To ensure that council's building infrastructure is sufficient and properly maintained	D	–	228	370	–	–	–
Basic service delivery and infrastructure development	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	11 589	17 060	16 807	11 340	9 850	10 300
Basic service delivery and infrastructure development	To lead and manage the Protection Services Department effectively and efficiently	G	311	578	371	180	180	180
Basic service delivery and infrastructure development	To promote and maintain a safe environment	H	1 503	480	687	48	548	1 928
Basic service delivery and infrastructure development	To lead and manage the Development Services Department effectively and efficiently	I	47	–	273	166	168	170
Basic service delivery and infrastructure development	To promote social development in the municipal area	J	651	273	500	3 100	–	–
Basic service delivery and infrastructure development	To ensure sound management of the urban and rural environment	K	–	–	–	–	–	–
Basic service delivery and infrastructure development	To promote an improved quality of life for all	L	–	–	–	–	–	–
Basic service delivery and infrastructure development	To provide effective and sustainable housing delivery and management	M	2 075	550	4 079	8 000	5 000	8 000
Institutional Development and Municipal Transformation	To lead and manage the Corporate Services Department effectively and efficiently	N	155	53	1 193	25	26	28
Institutional Development and Municipal Transformation	To ensure an effective and client orientated municipal administration	O	232	216	223	432	72	68
Institutional Development and Municipal Transformation	To promote a well-trained, motivated and professional workforce in a positive working environment	P	–	–	–	–	–	–
Financial viability and management	To lead and manage the Financial Services Department effectively and efficiently	Q	–	46	–	–	–	–
Financial viability and management	To ensure financial viability and sustainability	R	–	130	–	–	–	–
Good governance and community participation	To ensure an economical, effective, efficient and accountable organisation	S	49	31	31	793	834	836
Good governance and community participation	To ensure effective strategic management	T	–	–	–	–	–	–
Good governance and community participation	To ensure proper and up-to-date information communication technology systems and processes	U	766	835	846	1 215	1 060	750
Local economic development	To promote local economic development	V	–	–	–	–	–	–
Total Capital Expenditure			107 848	86 848	89 009	94 064	73 546	73 305

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the

integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

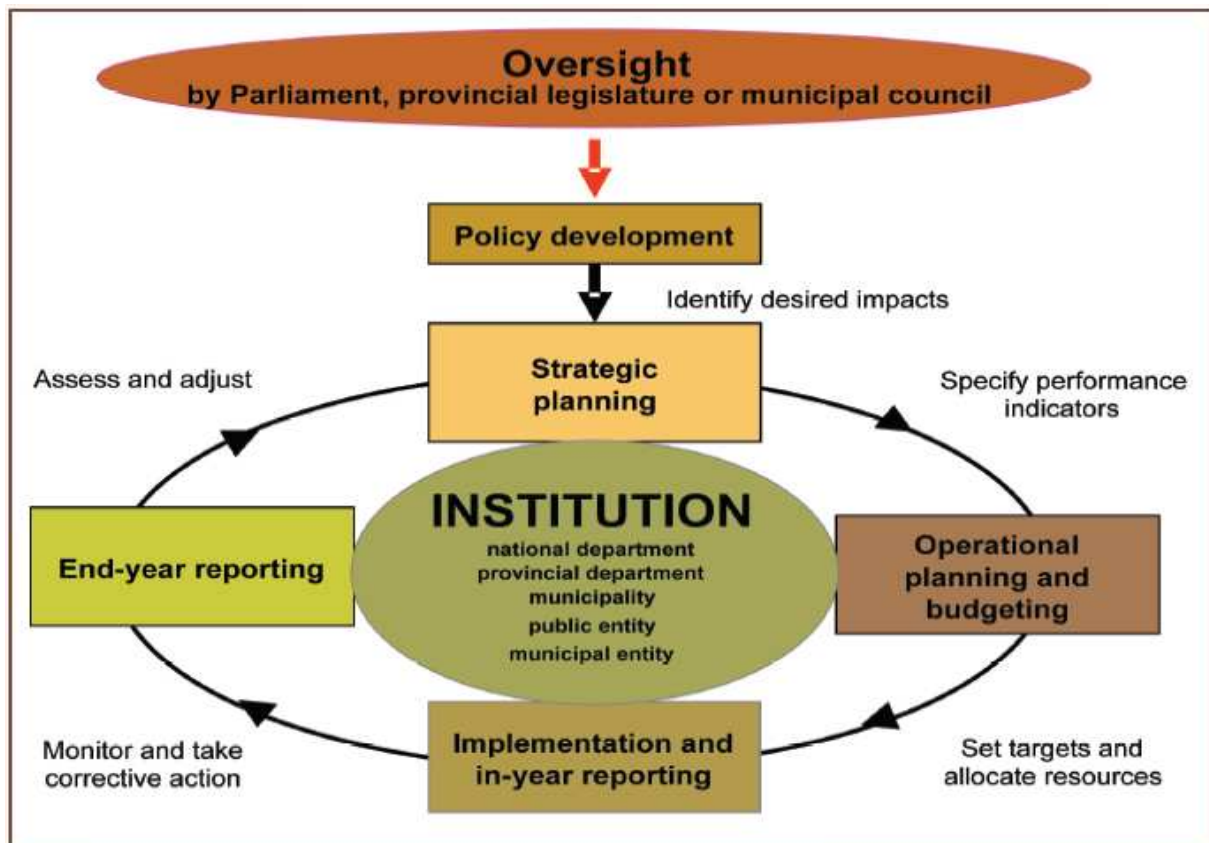


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

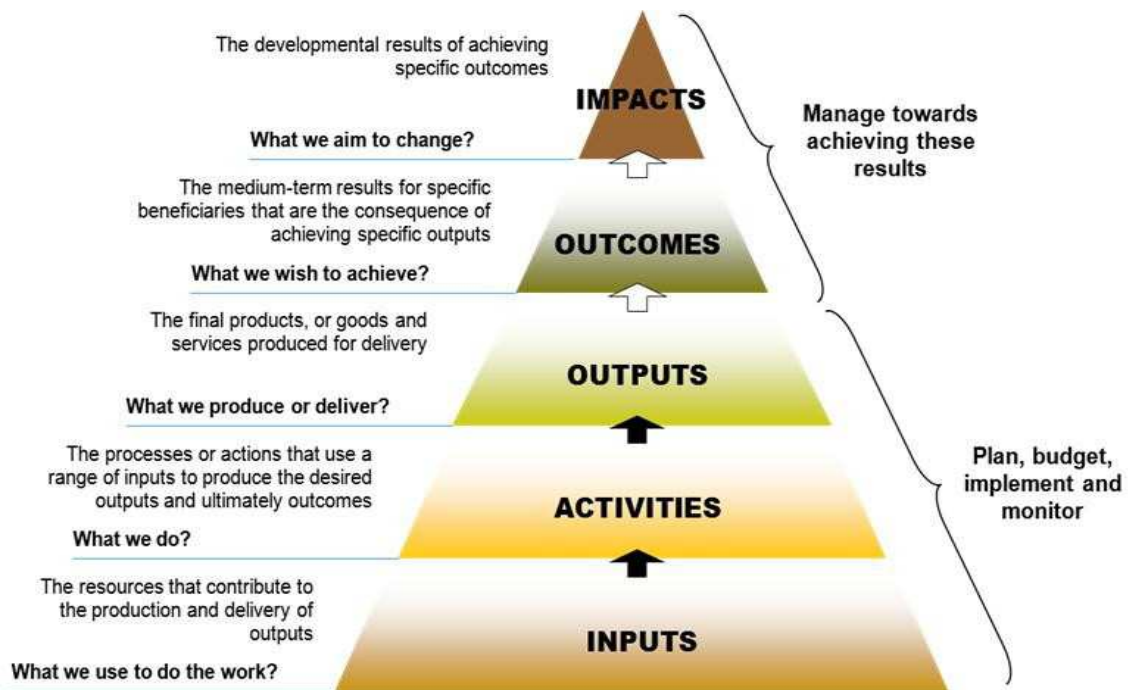


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>							
Credit Rating		A3	A3	A3			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	5.2%	5.2%	4.4%	3.5%	3.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.5%	6.4%	6.4%	5.6%	4.8%	4.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	115.9%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Gearing	Long Term Borrowing/ Funds & Reserves	132.3%	106.9%	138.7%	135.0%	131.0%	126.5%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	4.2	3.9	3.7	3.3	2.9	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.2	3.9	3.7	3.3	2.9	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	3.4	3.2	2.7	2.4	2.0	1.6
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	101.0%	100.0%	98.3%	94.6%	96.4%	96.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		101.0%	100.0%	98.3%	94.6%	96.4%	96.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	13.3%	9.2%	14.3%	13.8%	12.8%	12.7%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		19.2%	22.5%	24.3%	29.9%	35.5%	43.2%
<u>Other Indicators</u>							
Electricity Distribution Losses (2)	Total Volume Losses (kW)	12754232	7%	7.00%	7%	7%	7%
	Total Cost of Losses (Rand '000)						
Water Distribution Losses (2)	Total Volume Losses (kℓ)	823550	16.80%	16.80%	16.00%	15.50%	15.00%
	Total Cost of Losses (Rand '000)						
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.6%	30.5%	31.1%	30.8%	29.9%	31.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.5%	32.4%	33.0%	32.6%	31.7%	32.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.4%	4.7%	4.6%	4.3%	3.8%	3.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.6%	24.1%	21.9%	21.5%	19.6%	19.4%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	16.7	23.8	23.8	26.6	29.6	31.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	16.8%	11.3%	17.5%	17.2%	16.7%	16.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	6.8	6.4	5.7	4.6	3.8

Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 5,2 per cent in 2012/13 to 3,4 per cent in 2015/16. This decrease can be attributed to the decrease in funding from external sources to finance the capital program. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality took up an external loan during 2011/2012 to finance a portion of the capital program over the MTREF, but is not intending to take up any further loans.

2.2.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. This ratio improves over the MTREF as outstanding loans are being repaid and no further external financing agreements are entered into.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 2. This ration is above this norm set for the entire MTREF, being 3,7 in 2012/2013 and declining to 2,5 in 2015/16. This decline can mainly be attributed to the utilization of unspent borrowing included in cash and cash equivalents. Even with the decline, the ratio remains healthy.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 2.7 and this ratio is projected to decline to 1,6. These ratio's are considered to be healthy.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the

strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favourable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. This is mainly due to the fact that employee related cost increases in line with the other major cost driver being bulk purchases.
- Repairs and maintenance as percentage of operating revenue is decreasing owing directly to cost drivers such as bulk purchases and employee costs. However, as mentioned in this report, a large portion of capital expenditure is allocated to the renewal of existing assets.

2.2.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year approximately 4800 registered indigent households have been provided for in the budget with this figured increasing to approximately 5300 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 10kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

2.2.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The Municipality's bulk water needs are provided directly by the West Coast District Municipality in the form of purified water.

The Department of Water Affairs initiated the Blue Drop Certification Programme on 11 September 2008 to intensify to focus on the manner tap water quality was being managed and monitored in municipalities.

According to the Blue Drop results for 2011 the drinking water quality management in municipalities of the Western Cape varies from excellent to satisfactory, with 17 systems needing urgent attention. Overall the Western Cape was the second best performing province nationally in terms of the Provincial Blue Drop scores, scoring 94.1% in 2010/11. Overall 29 Blue Drop certificates were awarded to Western Cape Province, resulting in the highest number of Blue Drop systems in the country.

Average Blue Drop Scores per municipality - 2012

Municipality	Average score
Matzikama	70.09%
Cederberg	80.39%
Bergrivier	92.15%
Saldanha Bay	95.40%
Swartland	95.24%

Source: DWA Blue Drop Report, 2012

Saldanha Bay (95.40%), Swartland (95.24%) and Bergrivier (92.15%) have recorded the highest figures within the District in respect of water quality. This trend/performance is consistent with the development and municipal services indicators present earlier in this profile, placing Saldanha Bay and Swartland as the top performing municipalities in this regard.

All municipalities were assessed during the 2011 Green Drop Certification. The Provincial Green Drop Score achieved was 83.1% placing the Western Cape in the top position nationally. The improvement in submission of performance reports for certification and improvement in the Green Drop scores marks a positive trend and a commitment on the part of municipalities in the Western Cape to raise their service standards and levels.

Average Green Drop Scores per municipality - 2011

Municipality	Average score
Matzikama	66.1%
Cederberg	63.1%
Bergrivier	72.1%
Saldanha Bay	39.1%
Swartland	72.7%

Source: DWA Green Drop Report, 2012

Swartland (72.7%) and Bergrivier (72.1%) have recorded acceptable results under the Green Drop assessment while the results for Matzikama (66.1%) and Cederberg (63.1%) were slighter poorer. The poor performance of Saldanha Bay (39.1%) is of particular concern.

2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control Policy is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 96 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.3.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.3.4 Supply Chain Management Policy

The Supply Chain Management Policy was revised in May 2012.

2.3.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was revised June 2012 in respect of both Operating and Capital Budget Fund Transfers.

2.3.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in June 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of 4 at all times, which is well above the norm in local government.

2.3.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The current tariff policy is currently under review.

2.4 Overview of budget assumptions

2.4.1 External factors

After the publication of the Census 2011 data, it was revealed that the Swartland Municipality is listed as one of the top ten in terms of population growth. This, coupled with the high unemployment rate in South Africa could place enormous pressure on the revenue stream and especially the recovery rate of debtors. The recovery rate is currently 96 per cent.

2.4.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.4.3 Credit rating outlook

Table 25 Credit rating outlook

The credit outlook of South Africa remained under pressure. This could be attributed to the numerous violent protest actions in the various sectors of the South African economy. Most recently, the mining and agricultural sectors were negatively affected by these actions. This made South Africa less attractive to foreign investors and largely contributed to the ever widening trade deficit.

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2013/14 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.4.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (96 per cent) of annual billings. Cash flow is assumed to be 96 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

2.4.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.6 Salary increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year.

2.4.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.8 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior years performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent.

2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance						
Property rates	60 453	67 471	67 471	69 587	73 966	78 812
Service charges	210 832	240 773	240 773	256 120	273 234	289 448
Investment revenue	10 609	12 023	12 023	10 820	9 894	8 900
Transfers recognised - operational	39 749	34 701	35 461	51 379	78 566	75 164
Other own revenue	28 313	30 505	30 505	26 280	27 105	27 926
	349 955	385 473	386 234	414 185	462 765	480 251
Total Revenue (excluding capital transfers and contributions)						

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

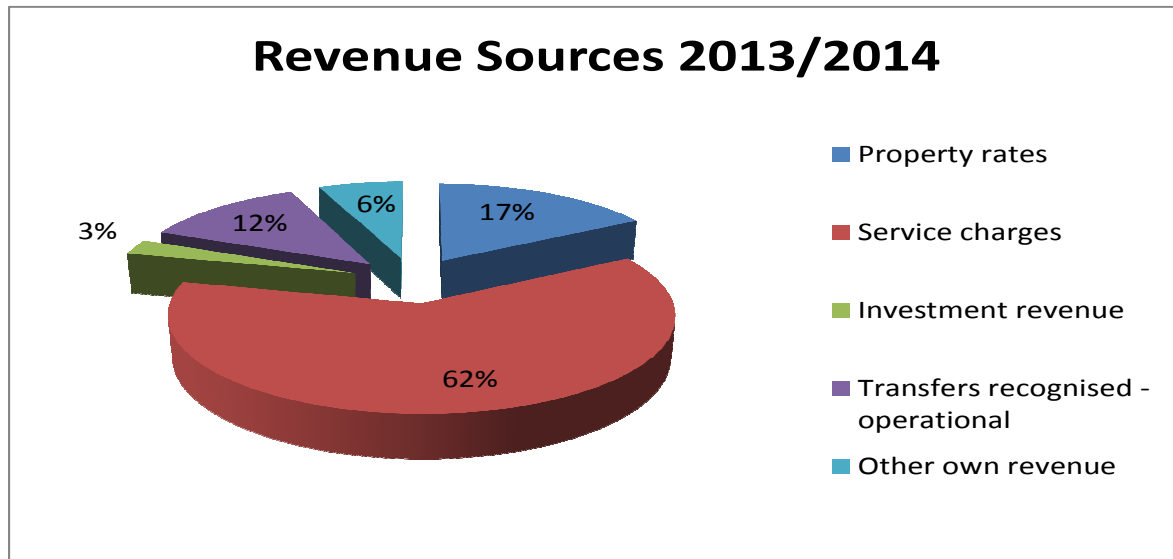


Figure 6 Breakdown of operating revenue over the 2012/13 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 26 MBRR SA15 – Detail Investment Information

All investments are transferred to the current account at year-end.

Table 27 MBRR SA16 – Investment particulars by maturity

All investments are transferred to the current account at year-end.

2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 28 MBRR Table A7 - Budget cash flow statement

Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and other	299 286	326 824	314 546	339 039	359 992	379 496
Government - operating	39 749	34 701	35 661	51 379	78 566	75 164
Government - capital	16 819	19 480	27 780	53 453	31 985	36 031
Interest	10 609	12 023	8 167	10 820	9 894	8 900
Payments						
Suppliers and employees	(301 890)	(324 250)	(326 281)	(349 856)	(403 809)	(424 625)
Finance charges	(5 255)	(15 864)	(15 779)	(15 096)	(14 633)	(14 287)
Transfers and Grants	(1 231)	(1 363)	(1 363)	(1 403)	(1 403)	(1 435)
NET CASH FROM/(USED) OPERATING ACTIVITIES	58 088	51 551	42 731	88 335	60 592	59 244
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	1 446	6 365	3 931	200	200	200
Decrease (increase) other non-current receivables	24	25	-	24	24	24
Payments						
Capital assets	(107 843)	(86 848)	(89 009)	(94 064)	(73 546)	(73 305)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(106 374)	(80 459)	(85 078)	(93 841)	(73 322)	(73 081)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	105 478	-	-	-	-	-
Increase (decrease) in consumer deposits	495	321	880	472	505	540
Payments						
Repayment of borrowing	(5 720)	(6 553)	(6 553)	(5 301)	(3 752)	(4 094)
NET CASH FROM/(USED) FINANCING ACTIVITIES	100 254	(6 233)	(5 673)	(4 829)	(3 247)	(3 553)
NET INCREASE/ (DECREASE) IN CASH HELD	51 967	(35 141)	(48 020)	(10 334)	(15 978)	(17 391)
Cash/cash equivalents at the year begin:	167 244	212 573	219 192	171 172	160 837	144 860
Cash/cash equivalents at the year end:	219 211	177 433	171 172	160 837	144 860	127 469

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available						
Cash/cash equivalents at the year end	219 211	177 433	171 172	160 837	144 860	127 469
Cash and investments available:	219 211	177 433	171 172	160 837	144 860	127 469
Application of cash and investments						
Unspent conditional transfers	4 665	1 962	3 438	3 438	3 438	3 438
Unspent borrowing	57 656	–	–	33 551	23 526	21 158
Other working capital requirements	(4 409)	5 051	(10 625)	(6 931)	(5 382)	(3 444)
Reserves to be backed by cash/investments	110 864	145 452	102 125	102 125	102 125	102 125
Total Application of cash and investments:	168 776	152 465	94 938	132 182	123 707	123 277
Surplus(shortfall)	50 435	24 968	76 234	28 656	21 153	4 192

From the above table it can be seen that the cash and investments available total 160,837 million in the 2013/14 financial year and progressively decrease to R127,469 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- Unspent borrowings represents to portion of a loan at each reporting period that has not been utilized. It is therefore still included in the cash and cash equivalents balance.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.

- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 30 MBRR SA10 – Funding compliance measurement

Description	MFMA section	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures							
Cash/cash equivalents at the year end - R'000	18(1)b	219 211	177 433	171 172	160 837	144 860	127 469
Cash + investments at the yr end less applications - R'000	18(1)b	50 435	24 968	76 234	28 656	21 153	4 192
Cash year end/monthly employee/supplier payments	18(1)b	9.7	6.8	6.4	5.7	4.6	3.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(18 453)	(25 527)	(13 415)	3 301	(23 255)	(28 658)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	8.8%	7.6%	(6.0%)	(0.3%)	0.6%	0.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	100.0%	98.3%	94.6%	96.4%	96.2%	95.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.5%	3.1%	3.1%	3.3%	3.5%	3.9%
Capital payments % of capital expenditure	18(1)c,19	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	115.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a				0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	5.1%	(23.5%)	54.9%	3.7%	3.5%	3.4%
Long term receivables % change - incr(decr)	18(1)a	79.6%	(50.0%)	189.9%	(3.5%)	(3.7%)	(3.8%)
R&M % of Property Plant & Equipment	20(1)(vi)	0.9%	1.1%	1.0%	1.0%	1.0%	1.1%
Asset renewal % of capital budget	20(1)(vi)	100.0%	100.0%	89.5%	55.8%	58.2%	63.9%

2.5.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the

2013/14 MTREF shows R160,837 million, R144,860 million and R127,469 million for each respective financial year.

2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of 4.

2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome of the budget results in a surplus with the 2 outer years resulting in a deficit.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals (0,3), 0,6 and 0,1 per cent for the respective financial year of the 2013/14 MTREF.

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 96 per cent performance target, the cash flow

statement has been conservatively determined when compared to actual results in 2011/2012. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.5, 3.5 and 3.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DORA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

2.5.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

2.5.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.6 Expenditure on grants and reconciliations of unspent funds

Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

Description R thousand	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	29 802	29 802	35 696	45 617	58 474
Local Government Equitable Share	26 752	26 752	32 506	43 233	56 007
Municipal Systems Improvement	800	800	890	934	967
Finance Management	1 250	1 250	1 300	1 450	1 500
EPWP Incentive	1 000	1 000	1 000	–	–
Provincial Government:	4 899	5 534	15 683	32 949	16 690
Community Development: Workers	27	29	28	28	
Housing	–	–	10 500	27 370	11 000
Libraries	4 500	4 500	4 759	5 333	5 690
Proclaimed Roads Subsidy	172	172	178	–	–
Housing Consumer Education Grant	–	27	–	–	–
Financial Management Support Grant	–	479	–	–	–
Disaster Fund	–	109	–	–	–
PAWK: Sport and Recreation	200	–	–	–	–
Ilinge Lethu Centre	–	218	218	218	–
Other grant providers:	–	126	–	–	–
<i>Cleanest Town</i>	–	126	–	–	–
Total operating expenditure of Transfers and Grants:	34 701	35 461	51 379	78 566	75 164
<u>Capital expenditure of Transfers and Grants</u>					
National Government:	18 025	18 025	22 395	24 931	21 273
Municipal Infrastructure Grant (MIG)	14 525	14 525	17 395	19 931	21 273
Department of Water	3 500	3 500	–	–	–
Energy Efficiency and Demand Side Management Grant	–	–	5 000	5 000	–
Provincial Government:	116	9 121	30 208	7 054	14 758
PAWK	116	–	–	–	–
Human Settlements	–	–	29 345	7 054	14 758
Ilinge Lethu Centre	–	500	–	–	–
Department Human Settlements	–	8 421	–	–	–
PAWK: Sport and Recreation	–	200	–	–	–
Libraries	–	–	355	–	–
Pedestrian Pathways: Darling (Phase 2)	–	–	508	–	–
Other grant providers:	1 339	634	850	–	–
<i>Lotto</i>	1 339	484	850	–	–
<i>Ilinge Lethu Gym (Fanie Malherbe)</i>	–	150	–	–	–
Total capital expenditure of Transfers and Grants	19 480	27 780	53 453	31 985	36 031
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	54 181	63 242	104 832	110 551	111 195

Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description R thousand	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:					
National Government:					
Balance unspent at beginning of the year	–	–	–	–	–
Current year receipts	29 802	29 802	35 696	45 617	58 474
Conditions met - transferred to revenue	29 802	29 802	35 696	45 617	58 474
Conditions still to be met - transferred to liabilities	–	–	–	–	–
Provincial Government:					
Balance unspent at beginning of the year	1 962	3 099	2 932	2 932	2 932
Current year receipts	4 899	5 367	15 683	32 949	16 690
Conditions met - transferred to revenue	4 899	5 534	15 683	32 949	16 690
Conditions still to be met - transferred to liabilities	1 962	2 932	2 932	2 932	2 932
Other grant providers:					
Balance unspent at beginning of the year	–	76	–	–	–
Current year receipts	–	50	–	–	–
Conditions met - transferred to revenue	–	126	–	–	–
Conditions still to be met - transferred to liabilities	–	–	–	–	–
Total operating transfers and grants revenue	34 701	35 461	51 379	78 566	75 164
Total operating transfers and grants - CTBM	1 962	2 932	2 932	2 932	2 932
Capital transfers and grants:					
National Government:					
Balance unspent at beginning of the year	–	–	–	–	–
Current year receipts	18 025	18 025	22 395	24 931	21 273
Conditions met - transferred to revenue	18 025	18 025	22 395	24 931	21 273
Conditions still to be met - transferred to liabilities	–	–	–	–	–
Provincial Government:					
Balance unspent at beginning of the year	–	500	–	–	–
Current year receipts	116	8 621	30 208	7 054	14 758
Conditions met - transferred to revenue	116	9 121	30 208	7 054	14 758
Conditions still to be met - transferred to liabilities	–	–	–	–	–
Other grant providers:					
Balance unspent at beginning of the year	1 339	990	506	506	506
Current year receipts	–	150	850	–	–
Conditions met - transferred to revenue	1 339	634	850	–	–
Conditions still to be met - transferred to liabilities	–	506	506	506	506
Total capital transfers and grants revenue	19 480	27 780	53 453	31 985	36 031
Total capital transfers and grants - CTBM	–	506	506	506	506
TOTAL TRANSFERS AND GRANTS REVENUE	54 181	63 242	104 832	110 551	111 195
TOTAL TRANSFERS AND GRANTS - CTBM	1 962	3 438	3 438	3 438	3 438

2.7 Councillor and employee benefits

Table 33 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2011/12	2013/14 Medium Term Revenue & Expenditure Framework				
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Councillors (Political Office Bearers plus Other)</u>						
Basic Salaries and Wages	3 748	4 034	4 364	3 883	4 155	4 446
Pension and UIF Contributions	557	555	564	672	676	721
Medical Aid Contributions	447	444	444	396	419	444
Motor Vehicle Allowance	1 517	1 678	1 706	1 497	1 602	1 714
Cellphone Allowance	286	305	305	313	332	351
Sub Total - Councillors	6 554	7 016	7 383	6 760	7 184	7 676
% increase	23.3%	7.0%	5.2%	(8.4%)	6.3%	6.9%
<u>Senior Managers of the Municipality</u>						
Basic Salaries and Wages	4 001	4 264	4 351	4 541	4 960	5 403
Pension and UIF Contributions	720	906	971	1 031	1 102	1 178
Medical Aid Contributions	280	264	245	268	295	325
Motor Vehicle Allowance	900	996	949	1 015	1 086	1 162
Other benefits and allowances	453	355	372	376	413	450
Long service awards	–	32	33	102	95	–
Sub Total - Senior Managers of Municipality	6 354	6 817	6 921	7 333	7 952	8 519
% increase	10.6%	7.3%	1.5%	5.9%	8.4%	7.1%
<u>Other Municipal Staff</u>						
Basic Salaries and Wages	69 551	66 854	67 988	73 823	89 939	98 312
Pension and UIF Contributions	11 150	10 984	11 656	15 520	16 579	17 701
Medical Aid Contributions	5 231	5 814	5 814	5 319	5 851	6 436
Overtime	3 394	4 559	4 646	3 045	3 209	3 020
Motor Vehicle Allowance	5 040	5 339	5 388	6 010	6 239	6 461
Housing Allowances	566	560	560	509	550	589
Other benefits and allowances	4 012	12 477	12 700	13 683	5 648	4 714
Payments in lieu of leave	1 313	1 080	1 316	1 408	1 478	1 552
Long service awards	697	828	795	429	719	635
Post-retirement benefit obligations	3 250	2 375	2 375	1 287	1 332	1 399
Sub Total - Other Municipal Staff	104 204	110 872	113 238	121 033	131 543	140 819
% increase	4.7%	6.4%	2.1%	6.9%	8.7%	7.1%
Total Parent Municipality	117 113	124 704	127 543	135 126	146 678	157 014
	5.9%	6.5%	2.3%	5.9%	8.5%	7.0%
TOTAL SALARY, ALLOWANCES & BENEFITS	117 113	124 704	127 543	135 126	146 678	157 014
% increase	5.9%	6.5%	2.3%	5.9%	8.5%	7.0%
TOTAL MANAGERS AND STAFF	110 559	117 689	120 159	128 366	139 495	149 338

Table 34 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker		325 500	68 149	155 361			549 009
Chief Whip		–	–	–			–
Executive Mayor		411 100	80 989	189 301			681 390
Deputy Executive Mayor		325 500	68 149	155 361			549 009
Executive Committee		1 216 420	214 144	587 476			2 018 040
Total for all other councillors		1 783 930	576 776	1 020 109			3 380 815
Total Councillors	–	4 062 450	1 008 206	2 107 608			7 178 264
Senior Managers of the Municipality							
Municipal Manager (MM)		850 668	201 082	354 177	–		1 405 927
Chief Finance Officer		541 548	136 601	293 859	–		972 008
Director: Corporate Services		625 416	147 049	79 126	–		851 591
Director: Development Services		580 248	149 511	271 087	–		1 000 845
Director: Civil Services		650 076	139 729	104 748	–		894 553
Director: Electrical Services		558 264	160 255	246 804	–		965 324
Director: Protection Services		544 716	141 479	228 928	–		
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	–	8 413 386	2 083 912	3 686 337	–		13 268 512

Table 35 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers				Current Year 2012/13			Budget Year 2013/14		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	23	7	16	23	7	16	23	7	16
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	7	7	–	7	7	–	7	7	–
Other Managers	–	–	–	–	–	–	–	–	–
Professionals	23	21	2	23	22	–	23	23	–
Finance	5	4	1	5	4	–	5	5	–
Spatial/town planning	3	3	–	3	3	–	3	3	–
Information Technology	2	2	–	2	2	–	2	2	–
Roads	–	–	–	–	–	–	–	–	–
Electricity	2	2	–	2	2	–	2	2	–
Water	1	1	–	1	1	–	1	1	–
Sanitation	–	–	–	–	–	–	–	–	–
Refuse	1	1	–	1	1	–	1	1	–
Other	9	8	1	9	9	–	9	9	–
Technicians	27	27	–	27	27	–	27	27	–
Finance	–	–	–	–	–	–	–	–	–
Spatial/town planning	5	5	–	5	5	–	5	5	–
Information Technology	1	1	–	1	1	–	1	1	–
Roads	2	2	–	2	2	–	2	2	–
Electricity	5	5	–	5	5	–	5	5	–
Water	3	3	–	3	3	–	3	3	–
Sanitation	2	2	–	2	2	–	2	2	–
Refuse	2	2	–	2	2	–	2	2	–
Other	7	7	–	7	7	–	7	7	–
Clerks (Clerical and administrative)	114	110	4	114	109	–	114	109	–
Service and sales workers	75	69	6	75	69	–	75	68	–
Skilled agricultural and fishery workers	1	1	–	1	1	–	1	1	–
Craft and related trades	32	32	–	32	32	–	32	32	–
Plant and Machine Operators	42	39	3	42	42	–	42	42	–
Elementary Occupations	241	226	15	241	228	–	241	230	–
TOTAL PERSONNEL NUMBERS	585	539	46	585	544	16	585	546	16
% increase				–	0.9%	(65.2%)	–	0.4%	–
Total municipal employees headcount									
Finance personnel headcount	72	72	–	74	69	–	74	74	–
Human Resources personnel headcount	5	5	–	5	5	–	5	5	–

2.8 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates	5 812	5 806	5 802	5 801	5 800	5 799	5 799	5 797	5 795	5 793	5 792	5 791	69 587	73 966	78 812
Service charges - electricity revenue	14 308	18 815	15 596	15 722	15 189	13 986	15 339	14 694	14 755	13 573	15 178	11 641	178 797	189 376	201 673
Service charges - water revenue	2 723	4 512	4 534	2 245	4 355	2 238	1 378	2 168	2 235	2 323	2 316	2 238	33 265	35 113	36 974
Service charges - sanitation revenue	2 089	2 057	2 106	2 083	2 052	2 103	2 087	2 054	2 063	2 047	2 051	2 050	24 844	28 517	29 250
Service charges - refuse revenue	1 616	1 609	1 606	1 604	1 602	1 601	1 601	1 599	1 598	1 594	1 595	1 591	19 215	20 228	21 552
Rental of facilities and equipment	175	193	250	656	313	187	296	352	296	175	98	96	3 088	3 252	3 414
Interest earned - external investments	0	30	11	8	14	955	2 294	2 308	32	10	10	5 149	10 820	9 894	8 900
Interest earned - outstanding debtors	91	94	99	102	98	97	101	109	119	115	111	141	1 276	1 340	1 407
Fines	337	338	338	336	337	336	337	336	336	336	336	337	4 039	4 041	4 042
Licences and permits	255	278	213	203	241	209	304	276	258	231	284	256	3 007	3 157	3 315
Agency services	181	232	214	233	209	193	267	210	197	186	217	200	2 539	2 666	2 799
Transfers recognised - operational	16 931	5 129	4 158	811	10 125	1 954	811	811	10 594	18	18	18	51 379	78 566	75 164
Other revenue	620	980	960	1 009	1 121	1 104	1 437	924	911	834	985	1 246	12 130	12 450	12 749
Gains on disposal of PPE	-	-	-	-	-	200	-	-	-	-	-	-	200	200	200
Total Revenue (excluding capital transfers and contributions)	45 138	40 073	35 886	30 813	41 458	30 962	32 050	31 638	39 187	27 234	28 991	30 755	414 185	462 765	480 251
Expenditure By Type															
Employee related costs	8 569	9 280	10 575	9 699	14 894	9 733	9 987	10 225	10 078	9 859	9 996	14 539	127 433	138 457	149 575
Remuneration of councillors	561	561	561	561	559	561	561	768	587	587	581	571	7 018	7 455	7 961
Debt impairment	526	526	526	526	526	526	526	526	526	526	526	4 957	10 748	12 113	14 491
Depreciation & asset impairment	66	66	17 721	6 303	6 039	6 039	66	66	5 951	6 039	5 951	19 520	73 826	75 897	78 971
Finance charges	3	0	5	0	2	7 571	0	0	6	0	9	7 499	15 096	14 633	14 287
Bulk purchases	-	17 435	18 491	11 843	10 553	10 880	12 084	9 630	10 905	12 433	10 356	26 017	150 625	163 105	176 627
Contracted services	268	251	283	319	295	277	304	243	269	291	322	332	3 453	3 630	3 866
Transfers and grants	256	199	183	60	21	24	226	76	202	69	25	63	1 403	1 403	1 435
Other expenditure	3 329	5 829	5 887	6 541	6 841	5 989	4 851	4 946	5 580	5 047	6 474	8 410	69 722	96 049	92 199
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	5 013	5 013	5 263	5 527
Total Expenditure	13 577	34 146	54 231	35 852	39 730	41 599	28 605	26 481	34 104	34 851	34 239	86 921	464 337	518 005	544 940
Surplus/(Deficit)	31 561	5 926	(18 346)	(5 039)	1 728	(10 637)	3 445	5 157	5 083	(7 617)	(5 248)	(56 166)	(50 152)	(55 240)	(64 689)
Transfers recognised - capital	-	53 098	-	-	355	-	-	-	-	-	-	-	53 453	31 985	36 031
Surplus/(Deficit)	31 561	59 024	(18 346)	(5 039)	2 083	(10 637)	3 445	5 157	5 083	(7 617)	(5 248)	(56 166)	3 301	(23 255)	(28 658)

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote															
Vote 1 - Corporate Services	150	843	125	827	2 042	32	1 019	837	120	38	81	20	6 134	6 415	6 834
Vote 2 - Civil Services	12 705	8 953	8 854	6 597	14 664	6 729	6 020	6 402	12 434	6 518	6 603	6 743	103 222	112 531	118 921
Vote 3 - Council	5 196	57 237	4 139	–	1 057	–	–	–	1 057	–	–	25	68 711	64 339	52 171
Vote 4 - Electricity Services	14 798	18 930	15 606	15 784	15 694	14 004	15 386	14 721	15 244	13 620	15 203	11 675	180 666	191 501	204 090
Vote 5 - Financial Services	11 257	5 994	5 975	5 974	7 019	9 061	8 265	8 281	9 116	5 968	5 995	11 127	94 033	104 586	118 573
Vote 6 - Development Services	212	319	368	792	481	270	345	489	371	287	227	324	4 487	4 699	4 705
Vote 7 - Municipal Manager	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Protection Services	820	895	819	838	856	866	1 015	907	845	802	882	841	10 386	10 679	10 987
Total Revenue by Vote	45 138	93 170	35 886	30 813	41 813	30 962	32 050	31 638	39 187	27 234	28 991	30 755	467 638	494 750	516 282
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	1 230	1 258	1 733	1 182	1 903	1 285	1 352	1 291	1 422	1 302	1 601	2 324	17 884	19 321	20 726
Vote 2 - Civil Services	4 608	7 755	22 715	13 619	15 883	20 359	8 594	8 856	13 752	13 309	13 058	33 967	176 476	184 135	196 412
Vote 3 - Council	2 330	1 891	2 045	1 647	1 810	2 049	1 570	1 764	1 591	1 626	1 580	2 017	21 918	39 392	23 678
Vote 4 - Electricity Services	1 214	17 771	21 452	13 474	11 909	12 008	11 513	8 843	11 153	12 829	10 964	28 535	161 665	173 859	186 941
Vote 5 - Financial Services	1 329	1 622	2 091	2 003	2 883	1 999	1 765	1 601	2 368	2 041	2 788	14 082	36 571	46 002	58 601
Vote 6 - Development Services	830	1 015	921	1 047	1 515	1 036	891	1 108	915	947	1 362	1 547	13 134	15 891	16 459
Vote 7 - Municipal Manager	632	745	863	823	907	758	780	784	740	771	750	1 275	9 828	10 542	11 341
Vote 8 - Protection Services	1 404	2 089	2 412	2 056	2 921	2 106	2 140	2 235	2 163	2 025	2 136	3 174	26 862	28 862	30 781
Total Expenditure by Vote	13 577	34 146	54 231	35 852	39 730	41 599	28 605	26 481	34 104	34 851	34 239	86 921	464 337	518 005	544 940
Surplus/(Deficit)	31 561	59 024	(18 346)	(5 039)	2 083	(10 637)	3 445	5 157	5 083	(7 617)	(5 248)	(56 166)	3 301	(23 255)	(28 658)

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard															
<i>Governance and administration</i>	16 607	63 276	10 217	6 013	8 185	9 104	8 483	8 324	10 336	6 002	6 068	11 203	163 819	170 082	171 979
Executive and council	5 196	57 237	4 139	–	1 057	–	–	–	1 057	–	–	25	68 711	64 339	52 171
Budget and treasury office	11 257	5 994	5 975	5 974	7 019	9 061	8 265	8 281	9 116	5 968	5 995	11 127	94 033	104 586	118 573
Corporate services	154	45	103	39	109	44	218	42	163	34	73	51	1 075	1 157	1 235
<i>Community and public safety</i>	586	1 417	685	1 894	2 726	746	1 639	1 635	703	600	558	513	13 703	14 101	14 418
Community and social services	75	896	101	872	2 011	75	885	879	74	86	108	77	6 137	6 384	6 542
Sport and recreation	114	123	186	622	296	273	356	355	230	116	32	38	2 742	2 878	3 021
Public safety	379	380	380	383	380	381	379	382	380	379	379	379	4 561	4 563	4 565
Housing	18	19	18	18	39	18	18	18	18	18	39	18	263	276	290
<i>Economic and environmental services</i>	562	868	603	624	643	520	668	669	598	578	656	722	7 711	7 911	8 304
Planning and development	100	168	162	179	177	99	88	165	127	144	142	256	1 808	1 898	1 992
Road transport	462	700	440	445	466	421	580	505	471	434	514	466	5 903	6 013	6 312
<i>Trading services</i>	27 381	27 608	24 379	22 280	30 257	20 590	21 258	21 009	27 549	20 053	21 707	18 315	282 386	302 635	321 559
Electricity	14 798	18 930	15 606	15 784	15 694	14 004	15 386	14 721	15 244	13 620	15 203	11 675	180 666	191 501	204 090
Water	3 685	4 605	4 632	2 382	5 337	2 408	1 565	2 301	3 163	2 420	2 478	2 392	37 367	39 729	42 296
Waste water management	5 335	2 388	2 457	2 418	5 588	2 377	2 391	2 223	5 470	2 270	2 293	2 411	37 620	43 124	44 699
Waste management	3 564	1 686	1 685	1 695	3 638	1 801	1 916	1 764	3 672	1 742	1 734	1 837	26 734	28 282	30 474
<i>Other</i>	2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Total Revenue - Standard	45 138	93 170	35 886	30 813	41 813	30 962	32 050	31 638	39 187	27 234	28 991	30 755	467 638	494 750	516 282
		170 401	55 894	47 648	60 751	45 140	48 410	47 402	55 690	41 085	44 444				
Expenditure - Standard															
<i>Governance and administration</i>	4 968	5 313	7 330	5 707	7 581	6 547	4 968	5 147	6 090	5 872	6 776	20 989	87 291	115 606	114 120
Executive and council	2 629	2 201	2 391	1 962	2 173	2 367	1 908	2 120	1 891	1 940	1 892	2 374	25 848	43 604	28 223
Budget and treasury office	1 329	1 622	2 091	2 003	2 883	1 999	1 765	1 601	2 368	2 041	2 788	14 082	36 571	46 002	58 601
Corporate services	1 010	1 490	2 848	1 742	2 525	2 181	1 295	1 426	1 832	1 892	2 096	4 534	24 872	26 000	27 295
<i>Community and public safety</i>	2 688	3 631	4 666	3 944	5 466	4 014	3 707	3 853	3 881	3 840	3 914	6 083	49 686	53 278	57 018
Community and social services	884	960	1 110	975	1 380	980	941	955	970	999	1 011	1 498	12 664	13 657	14 743
Sport and recreation	723	872	1 551	1 232	1 745	1 277	995	1 029	1 133	1 253	1 212	1 956	14 981	15 972	17 156
Public safety	1 002	1 667	1 892	1 642	2 203	1 664	1 683	1 774	1 680	1 494	1 593	2 415	20 710	22 200	23 555
Housing	80	132	112	95	138	92	88	95	98	93	97	213	1 332	1 449	1 563
<i>Economic and environmental services</i>	1 782	2 253	8 733	5 608	6 032	5 162	2 096	2 366	4 333	4 319	4 721	10 773	58 178	61 966	64 685
Planning and development	544	649	581	670	992	708	559	745	600	602	1 014	797	8 460	10 797	10 936
Road transport	1 238	1 604	8 153	4 939	5 039	4 454	1 537	1 622	3 733	3 717	3 706	9 976	49 717	51 170	53 749
<i>Trading services</i>	3 957	22 924	33 316	20 568	20 610	25 851	17 651	15 090	19 616	20 794	18 803	49 040	268 221	286 163	308 061
Electricity	1 214	17 771	21 452	13 474	11 909	12 008	11 513	8 843	11 153	12 829	10 964	28 535	161 665	173 859	186 941
Water	853	2 378	5 324	3 172	3 819	3 758	3 237	3 498	3 944	3 903	3 945	6 616	44 449	47 375	51 157
Waste water management	583	1 124	4 425	2 134	2 488	8 181	1 002	917	2 109	2 294	2 080	10 979	38 315	39 685	42 513
Waste management	1 307	1 652	2 115	1 788	2 393	1 904	1 899	1 831	2 410	1 768	1 815	2 911	23 792	25 244	27 449
<i>Other</i>	182	25	186	25	41	25	184	25	183	25	25	36	962	992	1 055
Total Expenditure - Standard	13 577	34 146	54 231	35 852	39 730	41 599	28 605	26 481	34 104	34 851	34 239	86 921	464 337	518 005	544 940
Surplus/(Deficit)	31 561	59 024	(18 346)	(5 039)	2 083	(10 637)	3 445	5 157	5 083	(7 617)	(5 248)	(56 166)	3 301	(23 255)	(28 658)

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated															
Vote 2 - Civil Services	–	2 000	–	3 649	1 036	2 500	3 000	6 000	5 614	3 600	2 945	1 000	31 344	28 755	4 528
Capital multi-year expenditure sub-total	–	2 000	–	3 649	1 036	2 500	3 000	6 000	5 614	3 600	2 945	1 000	31 344	28 755	4 528
Single-year expenditure to be appropriated															
Vote 1 - Corporate Services	–	15	135	60	10	60	3	5	140	–	–	–	428	68	64
Vote 2 - Civil Services	500	1 556	3 941	2 106	1 361	4 161	1 086	5 704	3 141	5 643	7 506	717	37 422	27 052	46 517
Vote 3 - Council	–	–	–	100	100	100	100	100	100	105	69	–	774	814	815
Vote 4 - Electricity Services	–	840	590	1 190	1 300	850	440	390	460	1 947	1 667	1 667	11 340	9 850	10 300
Vote 5 - Financial Services	–	180	554	170	144	70	30	29	25	35	7	–	1 244	1 090	782
Vote 6 - Development Services	–	17	17	17	17	217	16	1 416	16	3 016	4 517	2 000	11 266	5 168	8 170
Vote 7 - Municipal Manager	–	–	–	–	–	–	–	19	–	–	–	–	19	20	21
Vote 8 - Protection Services	–	20	20	20	40	35	20	33	20	20	–	–	228	728	2 108
Capital single-year expenditure sub-total	500	2 628	5 257	3 663	2 972	5 493	1 695	7 696	3 902	10 766	13 765	4 383	62 721	44 791	68 777
Total Capital Expenditure	500	4 628	5 257	7 312	4 008	7 993	4 695	13 696	9 516	14 366	16 710	5 383	94 064	73 546	73 305

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
<i>Governance and administration</i>	–	185	554	275	249	180	130	148	125	140	76	–	2 062	1 951	1 645
Executive and council	–	–	–	100	100	100	100	119	100	105	69	–	793	834	836
Budget and treasury office	–	–	6	–	6	–	5	–	5	–	7	–	29	30	32
Corporate services	–	185	548	175	143	80	25	29	20	35	–	–	1 240	1 086	778
<i>Community and public safety</i>	–	57	182	102	72	412	289	1 714	476	3 046	4 517	2 005	12 872	6 626	11 385
Community and social services	–	27	152	72	22	267	19	1 421	156	16	1 517	–	3 669	210	206
Sport and recreation	–	10	10	10	10	110	250	260	300	10	–	5	975	688	1 070
Public safety	–	20	20	20	40	35	20	33	20	20	–	–	228	728	2 108
Housing	–	–	–	–	–	–	–	–	–	3 000	3 000	2 000	8 000	5 000	8 000
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	500	1 526	1 021	1 786	1 026	3 686	21	3 931	526	3 725	3 571	112	21 430	12 038	33 447
Planning and development	–	10	5	10	10	20	5	15	10	12	–	–	109	114	120
Road transport	500	1 516	1 016	1 776	1 016	3 666	16	3 916	516	3 713	3 559	112	21 321	11 923	33 327
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	–	2 860	3 500	5 149	2 661	3 715	4 255	7 903	8 389	7 455	8 547	3 267	57 700	52 931	26 827
Electricity	–	840	590	1 190	1 300	850	440	390	460	1 947	1 667	1 667	11 340	9 850	10 300
Water	–	10	310	300	310	310	300	1 508	310	900	1 543	–	5 801	9 872	4 838
Waste water management	–	2 005	600	3 654	1 036	2 538	3 010	6 005	6 614	4 608	4 336	1 600	36 006	32 754	9 030
Waste management	–	5	2 000	5	15	17	505	–	1 005	–	1 001	–	4 553	456	2 660
<i>Other</i>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	500	4 628	5 257	7 312	4 008	7 993	4 695	13 696	9 516	14 366	16 710	5 383	94 064	73 546	73 305

Table 41 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Cash Receipts By Source													1		
Property rates	5 812	5 806	5 802	5 801	5 800	5 799	5 799	5 797	5 795	5 793	5 792	3 272	67 068	71 166	75 508
Service charges - electricity revenue	14 308	18 815	15 596	15 722	15 189	13 986	15 339	14 694	14 755	13 573	15 178	5 168	172 324	182 206	193 218
Service charges - water revenue	2 723	4 512	4 534	2 245	4 355	2 238	1 378	2 168	2 235	2 323	2 316	1 034	32 060	33 784	35 424
Service charges - sanitation revenue	2 089	2 057	2 106	2 083	2 052	2 103	2 087	2 054	2 063	2 047	2 051	1 150	23 944	27 437	28 024
Service charges - refuse revenue	1 616	1 609	1 606	1 604	1 602	1 601	1 601	1 599	1 598	1 594	1 595	896	18 520	19 462	20 648
Rental of facilities and equipment	175	193	250	656	313	187	296	252	296	175	98	84	2 976	3 129	3 271
Interest earned - external investments	0	30	11	8	14	955	2 294	2 308	32	10	10	5 149	10 820	9 894	8 900
Interest earned - outstanding debtors	91	94	99	102	98	97	101	109	119	115	111	95	1 230	1 289	1 348
Fines	237	238	238	236	237	236	237	236	236	236	236	1 291	3 893	3 888	3 872
Licences and permits	255	278	213	203	241	209	304	276	258	231	284	147	2 898	3 038	3 176
Agency services	181	232	214	233	209	193	267	210	197	186	217	108	2 447	2 565	2 682
Transfer receipts - operational	16 931	5 129	4 158	811	10 125	1 954	811	811	10 594	18	18	18	51 379	78 566	75 164
Other revenue	620	980	960	1 009	1 121	1 104	1 437	924	911	834	985	795	11 680	12 029	12 325
Cash Receipts by Source	45 038	39 973	35 786	30 713	41 358	30 662	31 950	31 438	39 087	27 134	28 891	19 207	401 238	448 452	463 560
Other Cash Flows by Source															
Transfer receipts - capital	-	53 098	-	-	355	-	-	-	-	-	-	-	53 453	31 985	36 031
Proceeds on disposal of PPE	-	-	-	-	200	-	-	-	-	-	-	-	200	200	200
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	472	472	505	540
Decrease (increase) in non-current debtors	2	2	2	2	2	2	2	2	2	2	2	2	24	24	24
Total Cash Receipts by Source	45 040	93 072	35 788	30 715	41 915	30 664	31 952	31 440	39 089	27 136	28 893	19 681	455 386	481 166	500 355
Cash Payments by Type															
Employee related costs	8 569	9 280	10 575	9 699	14 894	9 733	9 987	10 225	10 078	9 859	9 996	12 676	125 570	136 904	147 534
Remuneration of councillors	561	561	561	561	559	561	561	768	587	587	581	571	7 018	7 455	7 961
Finance charges	3	0	5	0	2	7 571	0	0	6	0	9	7 499	15 096	14 633	14 287
Bulk purchases - Electricity	-	16 144	16 934	10 490	9 066	9 202	10 103	7 406	8 890	10 480	8 494	19 313	126 522	138 464	150 241
Bulk purchases - Water & Sewer	-	1 291	1 557	1 352	1 487	1 677	1 981	2 224	2 015	1 953	1 862	2 704	20 103	22 141	24 387
Contracted services	268	251	283	319	295	277	304	243	269	291	322	332	3 453	3 630	3 866
Transfers and grants - other	256	199	183	60	21	24	226	76	202	69	25	63	1 403	1 403	1 435
Other expenditure	3 329	5 829	5 887	6 541	6 841	5 989	4 851	4 946	5 580	5 047	6 474	5 877	67 190	95 215	90 636
Cash Payments by Type	12 985	33 554	35 984	29 023	33 165	35 034	28 013	25 888	27 627	28 286	27 762	49 036	366 355	419 845	440 347
Other Cash Flows/Payments by Type															
Capital assets	500	4 628	5 257	7 312	4 008	7 993	4 695	13 696	9 516	14 366	16 710	5 383	94 064	73 546	73 305
Repayment of borrowing	-	-	-	-	-	2 650	-	-	-	-	-	2 650	5 301	3 752	4 094
Total Cash Payments by Type	13 485	38 182	41 241	36 334	37 173	45 678	32 708	39 585	37 143	42 651	44 472	57 069	465 720	497 143	517 746
NET INCREASE/(DECREASE) IN CASH HELD	31 555	54 890	(5 454)	(5 619)	4 743	(15 013)	(756)	(8 145)	1 947	(15 515)	(15 579)	(37 388)	(10 334)	(15 978)	(17 391)
Cash/cash equivalents at the month/year begin:	171 172	202 727	257 617	252 164	246 545	251 287	236 274	235 518	227 373	229 320	213 805	198 226	171 172	160 837	144 860
Cash/cash equivalents at the month/year end:	202 727	257 617	252 164	246 545	251 287	236 274	235 518	227 373	229 320	213 805	198 226	160 837	160 837	144 860	127 469

2.9 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.10 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 42 MBRR SA35 - Future financial implications of the capital budget

Information not available at this stage

Table 43 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	Asset Class	Asset Sub-Class	2013/14 Medium Term Revenue & Expenditure Framework			New or renewal
					Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Parent municipality:								
2.7 - Sewerage Services	Sewerage CK 23408 Truck Replace	B	Other assets	General vehicles	–	1 500	–	Renewal
2.7 - Sewerage Services	Sewerage CK 14612 Truck Replace	B	Other assets	General vehicles	–	–	1 600	Renewal
2.7 - Sewerage Services	CK 38709 Replace Trailer	B	Other assets	Plant & equipment	–	220	–	Renewal
2.7 - Sewerage Services	CK 29300 Replace Tractor with Front-end loader	B	Other assets	Plant & equipment	600	–	–	Renewal
2.7 - Sewerage Services	CK 24931 Replace Trailer	B	Other assets	Plant & equipment	–	–	220	Renewal
2.7 - Sewerage Services	Sewerage Works Malmesbury	B	Infrastructure - Sanitation	Sewerage purification	4 985	–	–	Renewal
2.7 - Sewerage Services	Sewerage pipe Smuts street Riebeeck Wes	B	Infrastructure - Sanitation	Reticulation Sewerage	–	1 200	–	Renewal
2.7 - Sewerage Services	Upgrading of WWTW Riebeeck Wes and Riebeeck Kasteel 1	B	Infrastructure - Sanitation	Sewerage purification	17 395	19 931	2 160	Renewal
2.7 - Sewerage Services	Upgrading of WWTW Riebeeck Wes and Riebeeck Kasteel 2	B	Infrastructure - Sanitation	Sewerage purification	3 714	8 824	–	Renewal
2.7 - Sewerage Services	Upgrading of WWTW Riebeeck Wes and Riebeeck Kasteel 3	B	Infrastructure - Sanitation	Sewerage purification	5 000	–	–	Renewal
2.7 - Sewerage Services	Sewerage Koringberg	B	Infrastructure - Sanitation	Sewerage purification	–	–	2 118	Renewal
2.7 - Sewerage Services	Sewerage : Darling	B	Infrastructure - Sanitation	Sewerage purification	–	–	250	Renewal
2.7 - Sewerage Services	WWTW: Moorreesburg	B	Infrastructure - Sanitation	Sewerage purification	250	–	–	Renewal
2.7 - Sewerage Services	Abbotsdale: Services and Development costs (Sewerage-internal)	B	Infrastructure - Sanitation	Reticulation Sewerage	342	258	–	New
2.7 - Sewerage Services	Abbotsdale: Services and Development costs (Sewerage-external)	B	Infrastructure - Sanitation	Reticulation Sewerage	3 049	–	–	New
2.7 - Sewerage Services	Chatsworth UISP (Sewerage)	B	Infrastructure - Sanitation	Reticulation Sewerage	600	–	–	New
2.7 - Sewerage Services	Darling GAP (Sewerage)	B	Infrastructure - Sanitation	Reticulation Sewerage	–	–	263	New
2.7 - Sewerage Services	Malmesbury GAP (Sewerage)	B	Infrastructure - Sanitation	Reticulation Sewerage	–	411	379	New
2.7 - Sewerage Services	Malmesbury GAP (Sewerage) (CRRF)	B	Infrastructure - Sanitation	Reticulation Sewerage	–	333	307	New
2.7 - Sewerage Services	Riebeeck Wes IRDP (Sewerage)	B	Infrastructure - Sanitation	Reticulation Sewerage	–	–	1 050	New
2.7 - Sewerage Services	Riebeeck Wes IRDP (Sewerage) (CRRF)	B	Infrastructure - Sanitation	Reticulation Sewerage	–	–	600	New
2.4 - Parks and Recreational Areas	Parks CK 32577 Tractor Replace	B	Other assets	Plant & equipment	–	–	400	Renewal
2.4 - Parks and Recreational Areas	CK 39935 Replace Trailer	B	Other assets	Plant & equipment	–	60	–	Renewal
2.4 - Parks and Recreational Areas	CK 5027 Replace Trailer	B	Other assets	Plant & equipment	–	60	–	Renewal
2.4 - Parks and Recreational Areas	CK 31724 Replace Tractor	B	Other assets	Plant & equipment	–	–	400	Renewal
2.4 - Parks and Recreational Areas	CK 34808 Replace Trailer	B	Other assets	Plant & equipment	–	–	70	Renewal

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	Asset Class	Asset Sub-Class	2013/14 Medium Term Revenue & Expenditure Framework			New or renewal
					Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
2.4 - Parks and Recreational Areas	CK 43400 Replace Trailer	B	Other assets	Plant & equipment	–	–	70	Renewal
2.4 - Parks and Recreational Areas	Replace Lining: Reticulation Dams	B	Community	Parks & gardens	–	400	–	Renewal
2.9 - Streets and Stormwater	CK 31717 Truck Replace	B	Other assets	General vehicles	–	–	400	Renewal
2.9 - Streets and Stormwater	CK 274 Grader Replace	B	Other assets	Plant & equipment	–	–	1 900	Renewal
2.9 - Streets and Stormwater	CK 43173 Replace Concrete Mixer	B	Other assets	Plant & equipment	–	–	65	Renewal
2.9 - Streets and Stormwater	CK 28966 Replace Concrete Mixer	B	Other assets	Plant & equipment	60	–	–	Renewal
2.9 - Streets and Stormwater	CK 28970 Replace Concrete Mixer	B	Other assets	Plant & equipment	–	60	–	Renewal
2.9 - Streets and Stormwater	CK 34201 Replace Trailer with Roller	B	Other assets	Plant & equipment	–	80	–	Renewal
2.9 - Streets and Stormwater	CK 34112 Replace Truck	B	Other assets	General vehicles	–	–	400	Renewal
2.9 - Streets and Stormwater	Roads Swartland: Resealing of Roads	B	Infrastructure - Road transport	Roads, Pavements & Bridges	7 000	–	21 273	Renewal
2.9 - Streets and Stormwater	Building of Streets: Swartland	B	Infrastructure - Road transport	Roads, Pavements & Bridges	–	7 000	–	New
2.9 - Streets and Stormwater	New Pedestrian Pathways: Abbotsdale	B	Infrastructure - Road transport	Roads, Pavements & Bridges	–	250	250	New
2.9 - Streets and Stormwater	Pedestrian Pathways: Darling (Phase 2)	B	Infrastructure - Road transport	Roads, Pavements & Bridges	508	–	–	Renewal
2.8 - Sportgrounds	Moorreesburg Rosenhof-New Fencing	B	Community	Other	50	–	–	New
2.8 - Sportgrounds	Upgrading of Sports Grounds: Riebeeck Wes (Lotto)	B	Community	Sportsfields & stadia	850	–	–	Renewal
2.9 - Streets and Stormwater	Stormwater Network	B	Infrastructure - Road transport	Storm water	650	700	750	Renewal
2.9 - Streets and Stormwater	Replace part of channel under Voortrekker Street	B	Infrastructure - Road transport	Storm water	–	500	–	Renewal
2.9 - Streets and Stormwater	Abbotsdale: Services and Development costs (Streets and Stormwater-internal)	B	Infrastructure - Road transport	Storm water	1 112	839	–	New
2.9 - Streets and Stormwater	Abbotsdale: Services and Development costs (Streets and Stormwater-external)	B	Infrastructure - Road transport	Storm water	9 909	–	–	New
2.9 - Streets and Stormwater	Chatsworth UISP (Streets and Stormwater)	B	Infrastructure - Road transport	Storm water	1 950	–	–	New
2.9 - Streets and Stormwater	Darling GAP (Streets and Stormwater)	B	Infrastructure - Road transport	Storm water	–	–	853	New
2.9 - Streets and Stormwater	Malmesbury GAP (Streets and Stormwater)	B	Infrastructure - Road transport	Storm water	–	1 335	1 232	New
2.9 - Streets and Stormwater	Malmesbury GAP (Streets and Stormwater) (CRRF)	B	Infrastructure - Road transport	Storm water	–	1 082	998	New
2.9 - Streets and Stormwater	Riebeeck Wes IRDP (Streets and Stormwater)	B	Infrastructure - Road transport	Storm water	–	–	3 212	New
2.9 - Streets and Stormwater	Riebeeck Wes IRDP (Streets and Stormwater) (CRRF)	B	Infrastructure - Road transport	Storm water	–	–	1 950	New
2.11 - Water Distribution	CK 38172 Truck Replace	B	Other assets	General vehicles	–	320	–	Renewal
2.11 - Water Distribution	Water reservoir Koringberg 0.25M	B	Infrastructure - Water	Dams & Reservoirs	–	2 900	–	New

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	Asset Class	Asset Sub-Class	2013/14 Medium Term Revenue & Expenditure Framework			New or renewal
					Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
2.11 - Water Distribution	Water Network: Kalbaskraal	B	Infrastructure - Water	Reticulation Water	400	–	–	Renewal
2.11 - Water Distribution	Water Reservoir Riebeeck Kasteel 0,5MI	B	Infrastructure - Water	Dams & Reservoirs	–	100	–	New
2.11 - Water Distribution	Water: Secondary Chlorination	B	Infrastructure - Water	Water purification	250	260	270	Renewal
2.11 - Water Distribution	Water: Chatsworth New reservoir	B	Infrastructure - Water	Dams & Reservoirs	–	3 000	–	New
2.11 - Water Distribution	Water: Replacement water reticulation network	B	Infrastructure - Water	Reticulation Water	2 100	2 320	2 562	Renewal
2.11 - Water Distribution	Wesbank Water Tower: Refurbish Pumpstation	B	Infrastructure - Water	Reticulation Water	–	180	–	Renewal
2.11 - Water Distribution	Abbotsdale: Services and Development costs (Water-internal)	B	Infrastructure - Water	Reticulation Water	257	194	–	New
2.11 - Water Distribution	Abbotsdale: Services and Development costs (Water-external)	B	Infrastructure - Water	Reticulation Water	2 287	–	–	New
2.11 - Water Distribution	Chatsworth UISP (Water)	B	Infrastructure - Water	Reticulation Water	450	–	–	New
2.11 - Water Distribution	Darling GAP (Water)	B	Infrastructure - Water	Reticulation Water	–	–	197	New
2.11 - Water Distribution	Malmesbury GAP (Water)	B	Infrastructure - Water	Reticulation Water	–	308	284	New
2.11 - Water Distribution	Malmesbury GAP (Water) (CRRF)	B	Infrastructure - Water	Reticulation Water	–	250	230	New
2.11 - Water Distribution	Riebeeck Wes IRDP (Water)	B	Infrastructure - Water	Reticulation Water	–	–	788	New
2.11 - Water Distribution	Riebeeck Wes IRDP (Water) (CRRF)	B	Infrastructure - Water	Reticulation Water	–	–	450	New
2.6 - Refuse Removals	CK 19234 Truck Replace	C	Other assets	General vehicles	–	400	–	Renewal
2.6 - Refuse Removals	CK 29021 Truck Replace	C	Other assets	General vehicles	–	–	400	Renewal
2.6 - Refuse Removals	CK 38964 Compactor Replace	C	Specialised vehicles	Refuse	2 000	–	–	Renewal
2.6 - Refuse Removals	CK 36152 Compactor Replace	C	Specialised vehicles	Refuse	–	–	2 200	Renewal
2.6 - Refuse Removals	New Recycling Plant	C	Infrastructure - Other	Waste Management	2 500	–	–	New
6.3 - Community Development	ECD Facilities (R3 100 000 13/14 DHS) Wesbank	J	Community	Other	3 100	–	–	New
6.6 - Housing	Darling GAP (CRRF)	M	Investment properties	Housing development	–	–	1 500	New
6.6 - Housing	Chatsworth Riverland Individ	M	Investment properties	Housing development	–	–	1 500	New
6.6 - Housing	Municipal Flats	M	Investment properties	Housing development	8 000	5 000	5 000	New
4.1 - Distribution	CK 23734 Compressor Replace	F	Other assets	General vehicles	–	280	–	Renewal
4.1 - Distribution	CK 24555 Truck Replace	F	Other assets	General vehicles	–	–	750	Renewal
4.1 - Distribution	CK 27350 Truck with Personel Platform Replace	F	Other assets	General vehicles	750	–	–	Renewal
4.1 - Distribution	Elect Supply Klipfontein Regional Sub /Tosca	F	Infrastructure - Electricity	Transmission & Reticulation	1 200	–	–	Renewal

Table 62 MBRR 36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	Asset Class	Asset Sub-Class	2013/14 Medium Term Revenue & Expenditure Framework			New or renewal
					Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
4.1 - Distribution	ELECT Renewal of old/aging electrical networks/new networks.	F	Infrastructure - Electricity	Transmission & Reticulation	–	4 000	6 000	Renewal
4.1 - Distribution	Extension of SCADA system: Malmesbury Main substation (Prison)	F	Infrastructure - Electricity	Transmission & Reticulation	550	–	–	Renewal
4.1 - Distribution	Replacements of proprietary pre-payment meters	F	Infrastructure - Electricity	Transmission & Reticulation	100	–	–	Renewal
4.1 - Distribution	Malmesbury: Extension of MV switchgear: Barocca and Brug substations, Rep	F	Infrastructure - Electricity	Transmission & Reticulation	1 310	–	–	Renewal
4.1 - Distribution	Moorreesburg: Replacement of MV switchgear: Sterling, Jakaranda, Sentrumw	F	Infrastructure - Electricity	Transmission & Reticulation	1 070	–	–	Renewal
4.1 - Distribution	Darling: Replacement of overhead LV networks (Phase 1) and replacement of r	F	Infrastructure - Electricity	Transmission & Reticulation	720	–	–	Renewal
4.1 - Distribution	Yzerfontein: Replacement of minisubstation A3 (Caravaan Park)	F	Infrastructure - Electricity	Transmission & Reticulation	250	–	–	Renewal
4.1 - Distribution	Abbotsdale Housing project 541 erven streetlighting	F	Infrastructure - Electricity	Transmission & Reticulation	–	220	–	New
4.1 - Distribution	Darling Gap 75 erven	F	Infrastructure - Electricity	Transmission & Reticulation	–	–	1 200	New
4.1 - Distribution	Malmesbury GAP 50 units erf 19,20,1766	F	Infrastructure - Electricity	Transmission & Reticulation	–	–	700	New
4.1 - Distribution	Malmesbury GAP 108 units erf 327	F	Infrastructure - Electricity	Transmission & Reticulation	–	–	1 300	New
4.1 - Distribution	Energy Efficiency and Demand Management	F	Infrastructure - Electricity	Transmission & Reticulation	5 000	5 000	–	New
5.5 - It Services	Wireless and Fiber Network	U	Other assets	Computers - hardware/equipment	150	150	150	Renewal
5.5 - It Services	MS Software	U	Intangibles	Computers - software & programming	250	200	300	Renewal
5.5 - It Services	Xen	U	Intangibles	Computers - software & programming	80	–	–	Renewal
5.5 - It Services	New Biometric Equipment	U	Other assets	Computers - hardware/equipment	80	–	80	Renewal
5.5 - It Services	Terminal Replacements	U	Other assets	Computers - hardware/equipment	80	80	90	Renewal
5.5 - It Services	Monitor Replacements	U	Other assets	Computers - hardware/equipment	45	45	45	Renewal
5.5 - It Services	Scanner Replacements	U	Other assets	Computers - hardware/equipment	20	20	20	Renewal
5.5 - It Services	General Capital	U	Other assets	Computers - hardware/equipment	60	65	65	New
5.5 - It Services	Server Replacement	U	Other assets	Computers - hardware/equipment	450	–	–	Renewal
5.5 - It Services	Storage Area Network (SAN)	U	Other assets	Computers - hardware/equipment	–	500	–	Renewal
8.6 - Policing and Law Enforcement	Mun PolCK 30760 Bakkie Replace	H	Other assets	General vehicles	–	250	–	Renewal
8.6 - Policing and Law Enforcement	Mun Pol CK 40698 Sedan Replace	H	Other assets	General vehicles	–	–	220	Renewal
8.6 - Policing and Law Enforcement	Mun Pol CK 40686 Bakkie Replace	H	Other assets	General vehicles	–	250	–	Renewal
8.6 - Policing and Law Enforcement	Mun Pol CK 38353 Bakkie Replace	H	Other assets	General vehicles	–	–	260	Renewal
8.6 - Policing and Law Enforcement	Mun Pol CK 40471 Bakkie Replace	H	Other assets	General vehicles	–	–	260	Renewal

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

Municipal Vote/Capital project R thousand	Program/Project description	IDP Goal code	Asset Class	Asset Sub-Class	2013/14 Medium Term Revenue & Expenditure Framework			New or renewal
					Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
8.3 - Fire Fighting	Fire fighting CK 32735 Bakkie Replace	H	Specialised vehicles	Fire	–	–	700	Renewal
8.6 - Policing and Law Enforcement	Replace CK36774	H	Other assets	General vehicles	–	–	220	Renewal
8.6 - Policing and Law Enforcement	Replace CK37102	H	Other assets	General vehicles	–	–	220	Renewal
3.1 - Council General Expenses	Equipment : Council	S	Other assets	Furniture and other office equipment	14	14	15	New
3.1 - Council General Expenses	Ward Committees	S	Other assets	Other	760	800	800	New
4.1 - Distribution	CCTV Camera System: Yzerfontein	F	Other assets	Plant & equipment	40	–	–	Renewal
7.1 - Administration	Equipment : MM	S	Other assets	Furniture and other office equipment	19	20	21	New
2.1 - Administration	Equipment : Civil See SDBIP for detail.	A	Other assets	Furniture and other office equipment	109	114	120	New
2.7 - Sewerage Services	Equipment : Sewerage Telemetry	B	Other assets	Plant & equipment	43	47	52	New
2.7 - Sewerage Services	Equipment : Sewerage	B	Other assets	Plant & equipment	28	30	31	New
2.4 - Parks and Recreational Areas	Equipment: Parks	B	Other assets	Plant & equipment	75	168	130	New
2.9 - Streets and Stormwater	Equipment: Streets and Stormwater	B	Other assets	Plant & equipment	133	78	43	New
2.11 - Water Distribution	Equipment : Water	B	Other assets	Plant & equipment	58	41	56	New
2.6 - Refuse Removals	Equipment : Refuse bins, traps, skips (Swartland)	C	Other assets	Plant & equipment	22	25	29	New
2.6 - Refuse Removals	Equipment : Refuse Removal	C	Other assets	Plant & equipment	31	31	31	New
6.1 - Administration	Equipment : Development Services	I	Other assets	Plant & equipment	166	168	170	New
4.1 - Distribution	Equipment: Electric	F	Other assets	Plant & equipment	350	350	350	New
5.1 - Administration	Equipment : Financial	O	Other assets	Furniture and other office equipment	29	30	32	New
8.1 - Administration	Equipment: Protection	G	Other assets	Plant & equipment	180	180	180	New
8.3 - Fire Fighting	Equipment : Fire Fighting	H	Other assets	Plant & equipment	48	48	48	New
1.1 - Administration	Equipment : Corporate	N	Other assets	Furniture and other office equipment	25	26	28	New
1.5 - Town and Community Halls	Equipment Corporate: Buildings &Swartland Halls	O	Other assets	Computers - hardware/equipment	48	42	36	New
1.3 - Libraries	New Toilet and Fencing: Chatsworth Library	O	Community	Other	140	–	–	New
1.3 - Libraries	Equipment: Libraries (MRF)	O	Other assets	Furniture and other office equipment	50	–	–	New
1.3 - Libraries	Replacement: Air conditioners (Libraries)	O	Other assets	Furniture and other office equipment	50	–	–	Renewal
1.3 - Libraries	Book Recovery System: Malmesbury Library	O	Other assets	Computers - hardware/equipment	115	–	–	New
Parent Capital expenditure					94 064	73 546	73 305	

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved. The latest versions of the Section 71 reports are being used including schedule C.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns undergoing training in various divisions of the Financial Services Department. Of the five interns, one is currently on a mentorship program in the Budget and Treasury Office and one recently resigned after 4 years of employment with the organization. Their remuneration is financed by National Treasury in the form of the Municipal Financial Management Grant.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMP Competence Training
All senior, middle management and interns have attended the MFMP Competence Training conducted by The School of Public Management and Planning (University of Stellenbosch). The latest group is still currently busy with the training.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.12 Other supporting documents

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
REVENUE ITEMS:						
<u>Property rates</u>						
Total Property Rates	61 737	70 280	70 280	72 723	77 291	82 523
<i>less Revenue Foregone</i>	1 285	2 810	2 810	3 136	3 325	3 711
Net Property Rates	60 453	67 471	67 471	69 587	73 966	78 812
<u>Service charges - electricity revenue</u>						
Total Service charges - electricity revenue	155 101	177 611	177 611	187 227	199 248	213 336
<i>less Revenue Foregone</i>	7 201	8 203	8 203	8 430	9 872	11 664
Net Service charges - electricity revenue	147 900	169 408	169 408	178 797	189 376	201 673
<u>Service charges - water revenue</u>						
Total Service charges - water revenue	30 852	35 728	35 728	37 270	39 798	42 659
<i>less Revenue Foregone</i>	2 359	3 444	3 444	4 005	4 685	5 685
Net Service charges - water revenue	28 493	32 285	32 285	33 265	35 113	36 974
<u>Service charges - sanitation revenue</u>						
Total Service charges - sanitation revenue	26 125	28 895	28 895	34 590	40 095	43 888
<i>less Revenue Foregone</i>	6 305	7 962	7 962	9 746	11 578	14 638
Net Service charges - sanitation revenue	19 819	20 934	20 934	24 844	28 517	29 250
<u>Service charges - refuse revenue</u>						
Total refuse removal revenue	19 151	23 271	23 271	25 057	26 582	28 772
Total landfill revenue	–	–	–	–	–	–
<i>less Revenue Foregone</i>	4 532	5 123	5 123	5 842	6 354	7 220
Net Service charges - refuse revenue	14 619	18 147	18 147	19 215	20 228	21 552
<u>Other Revenue by source</u>						
<i>Other Revenue</i>	15 141	11 360	11 360	12 130	12 450	12 749
Total 'Other' Revenue	15 141	11 360	11 360	12 130	12 450	12 749

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
EXPENDITURE ITEMS:						
<u>Employee related costs</u>						
Basic Salaries and Wages	70 510	77 644	79 312	87 674	95 835	104 730
Pension and UIF Contributions	11 372	12 665	12 923	14 214	15 186	16 223
Medical Aid Contributions	5 027	6 078	6 060	5 587	6 146	6 761
Overtime	3 910	4 559	4 646	3 045	3 209	3 020
Performance Bonus	–	–	–	–	–	–
Motor Vehicle Allowance	6 586	6 335	6 336	7 026	7 325	7 624
Cellphone Allowance	–	–	–	–	–	–
Housing Allowances	473	560	560	509	550	589
Other benefits and allowances	5 232	5 563	5 656	6 152	6 583	7 044
Payments in lieu of leave	1 236	1 080	1 316	1 408	1 478	1 552
Long service awards	1 289	828	938	531	814	635
Post-retirement benefit obligations	4 791	2 375	2 375	1 287	1 332	1 399
sub-total	110 427	117 689	120 122	127 433	138 457	149 575
<u>Less: Employees costs capitalised to PPE</u>	–	–	–	–	–	–
Total Employee related costs	110 427	117 689	120 122	127 433	138 457	149 575
<u>Depreciation & asset impairment</u>						
Depreciation of Property, Plant & Equipment	67 006	76 853	68 546	73 826	75 897	78 971
Total Depreciation & asset impairment	67 006	76 853	68 546	73 826	75 897	78 971
<u>Bulk purchases</u>						
Electricity Bulk Purchases	104 522	124 488	124 288	130 522	140 964	152 241
Water Bulk Purchases	18 036	20 959	20 959	20 103	22 141	24 387
Total bulk purchases	122 558	145 447	145 247	150 625	163 105	176 627
<u>Transfers and grants</u>						
Cash transfers and grants	1 231	1 363	1 363	1 403	1 403	1 435
Non-cash transfers and grants	–	–	–	–	–	–
Total transfers and grants	1 231	1 363	1 363	1 403	1 403	1 435
<u>Contracted services</u>						
Printing of Accounts	282	300	300	296	311	326
Cleaning Services: Office Buildings	93	220	96	100	107	120
Cleaning Public Open Spaces	643	700	700	735	772	810
Highlands Refuse Dump: Recycling	119	120	120	120	120	120
Refuse Removal: Rural Area	292	297	297	330	354	380
Sweeping of streets	1 674	1 708	1 778	1 833	1 966	2 110
Traffic Management	–	–	–	40	–	–
Total contracted services	3 104	3 345	3 291	3 453	3 630	3 866

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
Other Expenditure By Type						
Consultant fees	1 071	400	400	420	441	463
Audit fees	1 697	1 915	1 915	2 014	2 190	2 400
General expenses	20 369	17 305	19 422	23 823	30 096	41 008
Advertisements	258	330	330	276	290	305
Bank Charges	756	557	557	466	490	514
Chemicals	1 084	1 095	1 095	1 139	1 195	1 255
Commission	1 255	910	1 042	1 161	1 245	1 336
Connection Fees	939	755	755	820	865	913
Consumables	483	491	506	544	570	598
Fuel Cost	5 184	5 055	5 083	6 017	6 626	7 284
Insurance Costs	916	883	883	767	816	868
Lease Payments	270	212	272	357	372	377
Licence Fees	1 135	1 290	1 290	1 293	1 375	1 416
Other operating grant expenditure	12 198	2 517	3 366	11 518	30 232	13 267
Repairs and maintenance	15 438	18 197	17 671	17 704	17 773	18 652
Telephone Cost	1 171	1 356	1 356	1 405	1 472	1 544
Total 'Other' Expenditure	64 226	53 267	55 943	69 722	96 049	92 199
Repairs and Maintenance by Expenditure Item						
Other materials	15 438	18 197	17 671	17 704	17 773	18 652
Total Repairs and Maintenance Expenditure	15 438	18 197	17 671	17 704	17 773	18 652

Table 45 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Vote 1 - Corporate Services	Vote 2 - Civil Services	Vote 3 - Council	Vote 4 - Electricity Services	Vote 5 - Financial Services	Vote 6 - Developmen t Services	Vote 7 - Municipal Manager	Vote 8 - Protection Services	Total
R thousand									
Revenue By Source									
Property rates	-	-	-	-	69 587	-	-	-	69 587
Service charges - electricity revenue	-	-	-	178 797	-	-	-	-	178 797
Service charges - water revenue	-	33 265	-	-	-	-	-	-	33 265
Service charges - sanitation revenue	-	24 844	-	-	-	-	-	-	24 844
Service charges - refuse revenue	-	19 215	-	-	-	-	-	-	19 215
Rental of facilities and equipment	261	695	-	-	-	2 133	-	0	3 088
Interest earned - external investments	-	-	-	-	10 820	-	-	-	10 820
Interest earned - outstanding debtors	-	-	-	-	1 276	-	-	-	1 276
Fines	39	-	-	-	-	-	-	4 000	4 039
Licences and permits	-	-	-	-	-	1	-	3 006	3 007
Agency services	-	-	-	-	-	-	-	2 539	2 539
Other revenue	720	7 203	25	442	764	2 135	-	841	12 130
Transfers recognised - operational	4 759	18 001	15 588	1 427	11 386	218	-	-	51 379
Gains on disposal of PPE	-	-	-	-	200	-	-	-	200
Total Revenue (excluding capital transfers and contributions)	5 779	103 222	15 613	180 666	94 033	4 487	-	10 386	414 185
Expenditure By Type									
Employee related costs	12 774	46 651	0	10 777	20 483	10 430	5 532	20 784	127 433
Remuneration of councillors	-	-	7 018	-	-	-	-	-	7 018
Debt impairment	-	4 285	-	2 032	4 386	45	-	-	10 748
Depreciation & asset impairment	594	59 001	18	12 063	1 140	285	-	725	73 826
Finance charges	17	14 196	3	846	4	4	-	25	15 096
Bulk purchases	-	21 174	-	129 451	-	-	-	-	150 625
Contracted services	100	3 018	-	-	296	-	-	40	3 453
Transfers and grants	634	-	770	-	-	-	-	-	1 403
Other expenditure	3 765	28 151	14 108	6 497	5 249	2 368	4 296	5 289	69 722
Loss on disposal of PPE	-	-	-	-	5 013	-	-	-	5 013
Total Expenditure	17 884	176 476	21 918	161 665	36 571	13 134	9 828	26 862	464 337
Surplus/(Deficit)	(12 105)	(73 253)	(6 305)	19 001	57 462	(8 647)	(9 828)	(16 476)	(50 152)
Transfers recognised - capital	355	-	53 098	-	-	-	-	-	53 453
Surplus/(Deficit) after capital transfers & contributions	(11 750)	(73 253)	46 793	19 001	57 462	(8 647)	(9 828)	(16 476)	3 301

Table 46 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
ASSETS						
<u>Call investment deposits</u>						
Call deposits < 90 days	–	126 621	–	–	–	–
Other current investments > 90 days	–	22 007	–	–	–	–
Total Call investment deposits	–	148 628	–	–	–	–
<u>Consumer debtors</u>						
Consumer debtors	45 039	40 554	59 039	69 786	81 899	96 390
Less: Provision for debt impairment	(4 500)	(12 239)	(11 427)	(20 175)	(30 288)	(42 779)
Total Consumer debtors	40 539	28 315	47 611	49 611	51 611	53 611
<u>Debt impairment provision</u>						
Balance at the beginning of the year	3 631	4 309	4 500	11 427	20 175	30 288
Contributions to the provision	1 417	9 636	9 636	10 748	12 113	14 491
Bad debts written off	(548)	(1 706)	(2 708)	(2 000)	(2 000)	(2 000)
Balance at end of year	4 500	12 239	11 427	20 175	30 288	42 779
<u>Property, plant and equipment (PPE)</u>						
PPE at cost/valuation (excl. finance leases)	3 231 853	3 321 196	3 320 862	3 401 583	3 464 666	3 524 144
Leases recognised as PPE	1 876	1 494	1 876	1 876	1 876	1 876
Less: Accumulated depreciation	1 506 356	1 599 669	1 574 902	1 648 664	1 724 496	1 803 398
Total Property, plant and equipment (PPE)	1 727 373	1 723 020	1 747 836	1 754 795	1 742 046	1 722 622

**Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position
(Continued)**

Description	2011/12	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand						
LIABILITIES						
<u>Current liabilities - Borrowing</u>						
Current portion of long-term liabilities	6 826	5 176	5 301	3 752	4 094	4 551
Total Current liabilities - Borrowing	6 826	5 176	5 301	3 752	4 094	4 551
<u>Trade and other payables</u>						
Trade and other creditors	42 001	39 839	41 527	48 087	51 453	55 054
Unspent conditional transfers	4 665	1 962	3 438	3 438	3 438	3 438
Total Trade and other payables	46 665	41 801	44 965	51 525	54 891	58 492
<u>Non current liabilities - Borrowing</u>						
Borrowing	146 290	155 387	141 130	137 477	133 484	129 033
Finance leases (including PPP asset element)	393	61	506	406	306	206
Total Non current liabilities - Borrowing	146 683	155 449	141 635	137 883	133 790	129 239
<u>Provisions - non-current</u>						
Retirement benefits	28 179	23 787	29 588	31 068	32 621	34 252
Other	5 126	3 492	5 472	5 855	5 855	6 265
Total Provisions - non-current	33 305	27 279	35 060	36 922	38 476	40 517
CHANGES IN NET ASSETS						
<u>Accumulated Surplus/(Deficit)</u>						
Accumulated Surplus/(Deficit) - opening balance	1 684 917	1 615 814	1 676 787	1 672 111	1 675 413	1 652 157
GRAP adjustments	(3 645)	–	–	–	–	–
Restated balance	1 681 272	1 615 814	1 676 787	1 672 111	1 675 413	1 652 157
Surplus/(Deficit)	(18 453)	(25 527)	(13 415)	3 301	(23 255)	(28 658)
Appropriations to Reserves	(29 334)	(1 795)	(37 715)	–	–	–
Transfers from Reserves	43 303	2 000	46 454	–	–	–
Accumulated Surplus/(Deficit)	1 676 787	1 590 493	1 672 111	1 675 413	1 652 157	1 623 499
<u>Reserves</u>						
Housing Development Fund	482	–	482	482	482	482
Capital replacement	110 382	117 673	101 643	101 643	101 643	101 643
Provisions Reserve	–	27 779	–	–	–	–
Total Reserves	110 864	145 452	102 125	102 125	102 125	102 125
TOTAL COMMUNITY WEALTH/EQUITY	1 787 651	1 735 945	1 774 236	1 777 537	1 754 282	1 725 624

Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics									
Population	72	78	84	84	95	114	114	114	114
Females aged 5 - 14	7		23	23	26	9	9	9	9
Males aged 5 - 14	7					9	9	9	9
Females aged 15 - 34	13		37	37	42	20	20	20	20
Males aged 15 - 34	13					20	20	20	20
Unemployment	3					6	6	6	6
Monthly household income (no. of households)									
No income	7 453	7 756	8 683	9 388	3 066	3 066	3 066	3 066	
R1 - R1 600	4 254	2 155	2 413	2 609	5 185	5 185	5 185	5 185	
R1 601 - R3 200	1 312	2 309	2 585	2 796	6 352	6 352	6 352	6 352	
R3 201 - R6 400	928	3 368	3 770	4 077	5 897	5 897	5 897	5 897	
R6 401 - R12 800	464	1 680	1 881	2 034	3 813	3 813	3 813	3 813	
R12 801 - R25 600	256	1 251	1 400	1 514	2 779	2 779	2 779	2 779	
R25 601 - R51 200	80	674	754	815	1 624	1 624	1 624	1 624	
R52 201 - R102 400	16	29	32	35	431	431	431	431	
R102 401 - R204 800	8	13	15	16	109	109	109	109	
R204 801 - R409 600	5	10	11	12	66	66	66	66	
R409 601 - R819 200	2	-	-	-	-	-	-	-	
> R819 200	-	-	-	-	-	-	-	-	
Household/demographics (000)									
Number of people in municipal area									
Number of poor people in municipal area									
Number of households in municipal area	16 439	19 245	23	23	29	29	29	29	
Number of poor households in municipal area	3 411	4 040	4	5	12	12	12	12	
Definition of poor household (R per month)	1 914	2 222	2 552	2 884	3 184	3 184	3 184	3 184	

Description of economic indicator	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Housing statistics									
Formal	15 189	18 249	20 530	22 103	26 747	26 747	26 747	26 747	
Informal	805	996	1 015	1 193	2 577	2 577	2 577	2 577	
Total number of households	15 994	19 245	21 545	23 296	29 324	29 324	29 324	29 324	-
Dwellings provided by municipality		215	1 566		-	-	-	-	
Dwellings provided by province/s	400	540			543	543	543	543	
Dwellings provided by private sector					-	-	-	-	
Total new housing dwellings	400	755	1 566	-	543	543	543	543	-
Economic									
Inflation/inflation outlook (CPIX)			7.5%	4.1%	6.0%	5.7%	5.7%	5.7%	5.7%
Interest rate - borrowing			11.6%	10.0%	11.6%	11.6%	11.6%	11.6%	11.6%
Interest rate - investment			6.8%	6.0%	6.2%	6.1%	6.1%	6.1%	6.1%
Remuneration increases			20.6%	12.0%	12.1%	6.8%	6.8%	6.8%	6.8%
Consumption growth (electricity)			4.1%	3.8%	3.8%	4.0%	4.0%	4.0%	4.0%
Consumption growth (water)			6.0%	7.8%	8.0%	8.5%	8.5%	8.5%	8.5%
Collection rates									
Property tax/service charges			98.2%	98.2%	98.2%	98.5%	98.5%	98.5%	98.5%
Rental of facilities & equipment			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors			97.8%	97.8%	97.8%	98.0%	98.0%	98.0%	98.0%
Revenue from agency services			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 49 MBRR SA32 – List of external mechanisms

WC015 Swartland - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Hein Baumgarden	Yrs	3	Highlands Refuse Dump: Recycling	31 December 2013	1,495

2.13 Municipal Manager's quality certificate

I, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Joggie Scholtz

Municipal Manager of Swartland Municipality

Signature _____

Date _____